



AGING OF THE U.S. & INSURANCE PRODUCTS

Group 2

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Overview

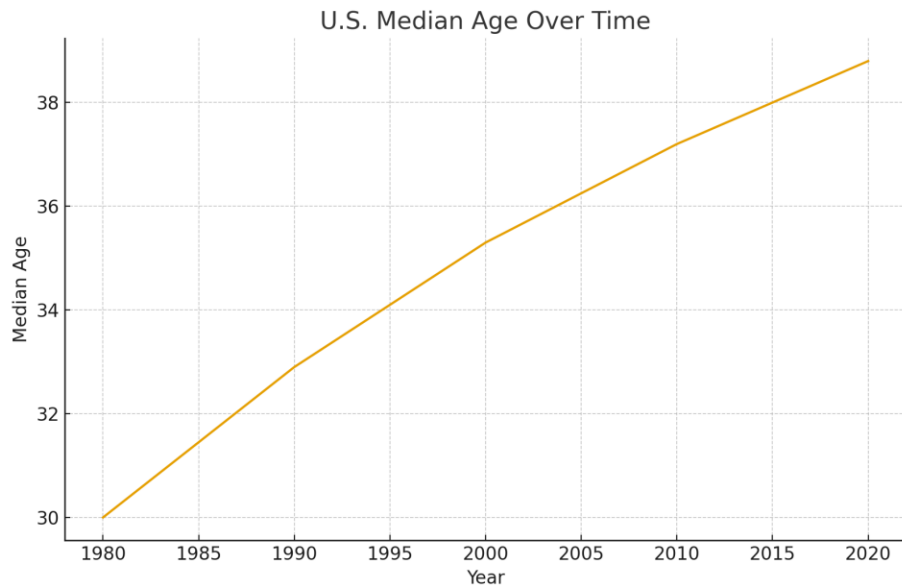
U.S.
population
aging rapidly

Financial &
care
challenges

Importance
of annuities
& LTC

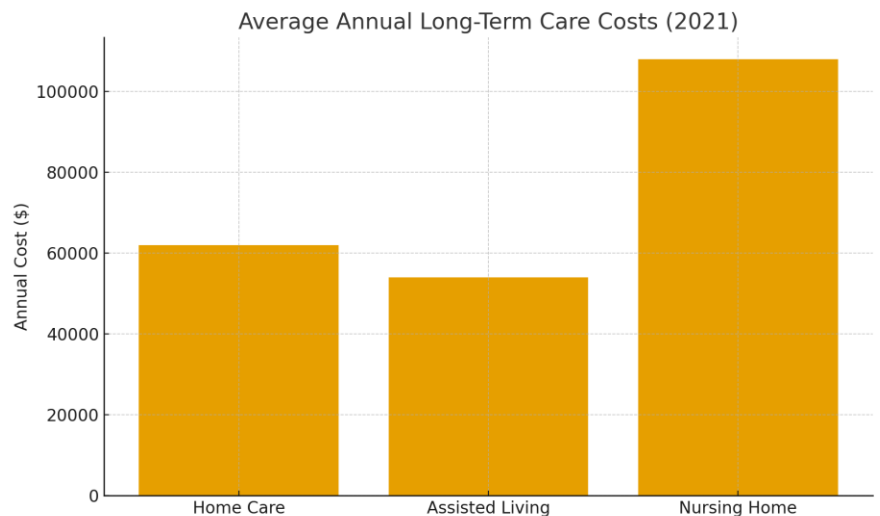
U.S. Aging Demographics

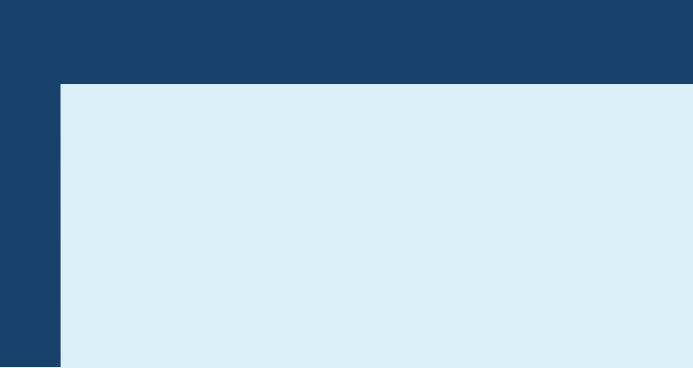
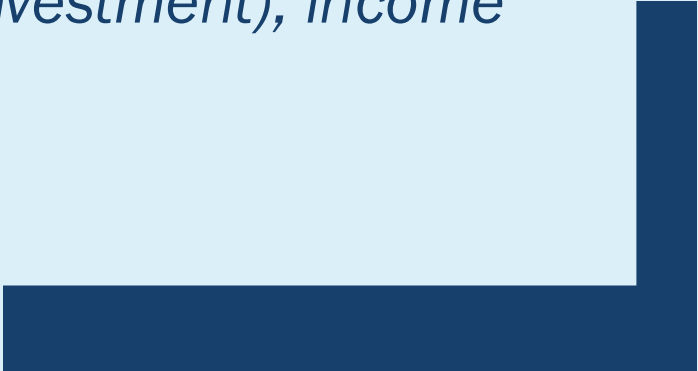
- *Baby Boomers retiring*
- *Higher life expectancy*
- *Fewer workers per retiree*



Insurance Challenges

- *Rising LTC needs*
- *Higher medical costs*
- *Longer retirements*



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- *Guaranteed income stream for life (long term insurance contract)*
 - *Manages longevity risk (living too long)*
 - *Fixed (CD), variable (Fund Investment), income (pension)*
- 

What Are Annuities? (Juwon)

Role of Annuities (Juwon)

- *Provides a reliable cash flow so you don't run out of money in the future*
- *Provides a tax-deferred growth and protects against market volatility.*
- *Complements Social Security*

What Is Long Term Care (LTC) Insurance? (Juwon)

- *Helps cover the cost of services associated with long term elderly, disability, illness care*
- *Covers home & facility care*
- *70% of people turning 65 + can expect to need elderly care (US Dept. HHS)*
- *Costs average around 229 a day without insurance*
- *Not covered by Medicare*

Past Issues (Juwon)

- *Underpriced policies made in the 1980s – 1990s when pricing long term care insurance*
- *Underestimated claims (baby boomers caused an explosion of claims leading to a 47% denial rate)*
- *Industry collapse of LTC insurance due to both of these issues compounding. By 2009 almost all LTC companies exited the market*

Current Problems

- *High premiums*
 - *Past Mistakes and Affordability*
- *Consumer confusion*
 - *Lack of knowledge*
- *Low retirement savings*
 - *Lack of Savings / financial vulnerability*

Risk Management Solutions

- *Hybrid policies*
 - Combine Annuity's and teaching "use it or lose it"
- *Employer LTC benefits*
 - Workplace-sponsored LTC plans.
 - retention and wellness benefit
- *Improved pricing models*
 - longevity, morbidity, and lapse data

Future Outlook

- *Higher demand*
 - need for long-term care solutions due to increase in lifetime expectancies
- *Tech-enabled home care*
 - smart-home devices, "*Fallin and I can't get up*"
- *Public-private programs*
 - exploring LTC financing models: payroll-funded programs, public catastrophic coverage, or partnerships with private insurers.

References

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Conclusion

- *Aging creates challenges*
 - Longer lifespans strain
- *Annuities stabilize income*
 - predictable lifetime income
- *LTC protects retirees*
 - Shields savings and support financial security and dignity in later life..