

**Genworth<sup>®</sup>**  
Financial

**The Teacher Retirement System of Texas  
Group Long Term Care Insurance Program  
for New TRS Members**

Underwritten by  
Genworth Life Insurance Company

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- This presentation is to provide information about an important benefit, Group Long Term Care Insurance.
- We are providing this information for the Group Long Term Care Insurance Program because TRS recognizes how important it is for you and your families to plan for the possibility of a long term care situation and to understand how this unique benefit may help in that planning.
- If you want more details including benefit descriptions, exclusions and limitations, you can find them either at our website, in our information kit, or by calling our toll free number. This information is provided later in the presentation.

## Today's Topics

**1** Why People Buy LTC Insurance

**2** Myths and Realities

**3** Cost of Care

**4** What is Covered--Plan Details

**5** Summary and Next Steps

These are the topics that will be covered.

## Reasons People Buy Long Term Care Insurance

- Help **protect retirement savings** they have put aside
- Help **protect family** and friends from the burdens of care giving
- Help **maintain choice** of where they receive their care
- Help them **stay in their homes** for as long as possible
- Help them maintain a level of **control and independence** in their lives



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These seem to be the key reasons why people consider long term care insurance:

- Many people wanted to keep from having to use their savings to pay for Long Term Care. If you think about it, long term care costs may well be one of the most significant threats to retirement savings.
- Others, especially those who have been caregivers, wanted to protect their loved ones from having to go through the financial and emotional difficulties they have faced in caring for someone with a chronic condition.
- Some wanted to make sure they have options, when the time comes, to make choices of where and from whom they receive care.
- Most indicated that they did not want to be in a Nursing Home and many people prefer to receive Long Term Care in their homes.
- Most also wanted to preserve their independence and quality of life to the extent possible.

## Myths and Reality

It won't happen to me	<b>MYTH</b>
My insurance already covers this	<b>MYTH</b>
The government will pay	<b>MYTH</b>
I can pay for this out of my savings	<b>MYTH</b>
I can rely on my family	<b>MYTH</b>
It's too expensive	<b>MYTH</b>

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There are many misconceptions about long term care insurance. Knowing the realities might help you better understand whether long term care insurance might be for you.

**1. People think “it won’t happen to me”:**

Long term care situations happen far more often than people think. A Georgetown University Report shows that 7 in 10 people who reach age 65 will need some long term care during their lives.\*

**2. My insurance will cover me:**

Many people think either they are covered either by their disability insurance or their health insurance. But...:Disability Insurance is designed to replace a portion of your income and is usually used to pay for basic living expenses, and Health Insurance is designed to cover short term acute care such as hospital stays, operations prescription drugs and doctors visits, but usually pays little or nothing toward long term care.

**3. Perhaps the biggest misconception is that the government will pay for long term care:**

The reality: These programs are limited and can be difficult to qualify for:

- Medicare has significant limitations on the long term care services it covers.
- Medicaid requires that you have little or no income and that you divest virtually all of your assets.

**4. Many people think they can pay for this out of their savings**

The reality: It is very difficult to save the amount necessary to cover long term care expenses

**5. Some people think they can rely on family or friends to provide that care...**

But that’s not really a good option in most cases. Caregiving is very difficult. People who have been through it talk about the time and energy required and the physical and emotional strain.

**6. Long term care insurance is too expensive**

Coverage to help you address the costs of long term care is more affordable than most people think– and usually preferable to the alternative of no coverage.

\* “Long Term Care Over an Uncertain Future: What Can Current Retirees Expect?” P. Kemper, H. Komisar and L. Alecxih; Winter 2005/2006; Health Policy Institute, Georgetown University

\*\* “Long Term Care Over an Uncertain Future: What Can Current Retirees Expect?” P. Kemper, H. Komisar and L. Alecxih; Winter 2005/2006; Health Policy Institute, Georgetown University

## What Does Long Term Care Insurance Cover?

Long term care insurance covers the costs of services that help people perform everyday activities\* they may have difficulty doing or may need substantial supervision for.

Long term care situations can result from:

- Injuries caused by accidents
- Illnesses like MS
- Diseases like Alzheimer's or Parkinson's
- Strokes and other chronic conditions

\* Activities include Bathing; Dressing; Eating; Continence; Toileting; and Transferring. Cognitive impairment that requires substantial supervision also qualifies for long term care.

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You have reviewed why you might want to consider long term care insurance, and what some of the realities are when it comes to long term care, but exactly what does long term care insurance cover?

Long term care insurance covers expenses for the kind of help and care you would need if you can no longer perform 2 of 6 everyday activities like bathing, dressing, and even eating, and that situation is expected to last at least 90 days; Or you have a severe cognitive impairment like Alzheimer's disease where you need substantial supervision.

- In either case, the condition must be certified by a licensed healthcare professional.

You can also see there are a lot of potential causes for long term care situations, even for working-aged people.

## Average Texas Costs of Care

	ANNUAL COSTS	COSTS FOR 3 YEARS OF CARE
HOME CARE *	\$38,653	\$115,959
ASSISTED LIVING FACILITY	\$32,380	\$97,140
NURSING HOME** FACILITY	\$58,056	\$174,168

\* Based on 44 hours of homecare provided by a licensed but non-Medicare certified provider @ \$17 per hour;

\*\* Based on the annual cost of a private room in a nursing home in the state of Texas

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Long term care can be expensive no matter where you live and no matter where you receive it. Here are the average annual cost of care figures for Texas for home care -where most people prefer to stay - for assisted living care and lastly for nursing home care.

Some studies - including our own claims data - have found that 3 year plans are often sufficient to cover long term care costs. The National Clearinghouse for Long Term Care Information indicates “that on average someone who is 65 years of age will need some long term care for 3 years.”

Consider this... nearly 3 out of 4 claims start with home care – and nearly 70% of them continue that way until the need is resolved. \*\*

So, if cost is a concern for you, you may want to look into a combination of benefits that will pay for home care (which is the least expensive type of care) for about three years.

Of course certain kinds of illnesses like Alzheimer’s are likely to last significantly longer, so the choice of how much of your potential care you want to cover with insurance is up to you.

\* US Department of Health and Human Services, National Clearinghouse for Long Term Care Information website, October 2008

\*\* Genworth Life Insurance Company, internal claims data, as of December 31, 2007.

## How Does Long Term Care Insurance Work?

It provides a “pool of money” or Total Coverage Amount that can pay for long term care services when and where needed:



Home Care

Assisted Living Care

Nursing Facility Care

Other Care Support

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- A key question is “How does Long Term Care insurance work?”. A simple answer is that it provides a pool of money that can be used to help reimburse the cost of your care in a variety of settings.
- It is important to note that long term care insurance doesn’t just pay for nursing home care. In fact, Genworth Life claims data indicates that most of the claims are for home and community care, where most people would prefer to be. \*
- So, that pool of money can be used to pay for care and equipment:
  - At home and in the community (including adult day care)
  - In an assisted living facility
  - In a nursing home
  - And for things like wheelchair ramps and home monitoring systems.
- Specific limits apply to benefits and can be reviewed at the website, in the information kit and in the outline of coverage.

\* Genworth Life Insurance Company, internal claims data, as of December 31, 2007

## What Your Premium Can Buy...

**Monthly Premium**

Age 30: \$14.07

Age 35: \$16.61

Age 40: \$21.93

Age 45: \$26.93

Age 50: \$35.25

Age 55: \$49.37

**\$162,000  
Total Coverage**



~ 4 Years Home Care

OR

~ 5 Years Assisted Living

OR

~ 2.8 Years Nursing Facility

\* Based on \$4,500/month and the benefit increase option Buy More Coverage Over Time (FPO)

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- Another key question is “What would I pay for long term care insurance, and what would I get in the way of benefits?”
- Premiums are based on your age and the plan choices you select. Here’s an example of how much someone could pay on a monthly basis if they applied at these various ages under this Group Program and what that would result in:
  - A Total Coverage amount that acts like a pool of money, of \$162,000 which, in Texas, today, would be enough to pay for approximately:
    - 4 years of home care,
    - 5 years in an assisted living facility
    - 2.8 years on a nursing home---or combinations of each of those

as long as the person didn’t exceed either the total coverage amount, or the chosen monthly maximum. We’ll talk about coverage maximums more in a minute. \*
- Some things to consider:
  - The years of care represent averages compiled from Genworth Financial’s Annual Cost of Care study; the actual costs you incur may be more or less than these.
  - And these costs are based on today’s costs, not the costs 20 or 30 years in the future. Future care costs will be reviewed shortly.

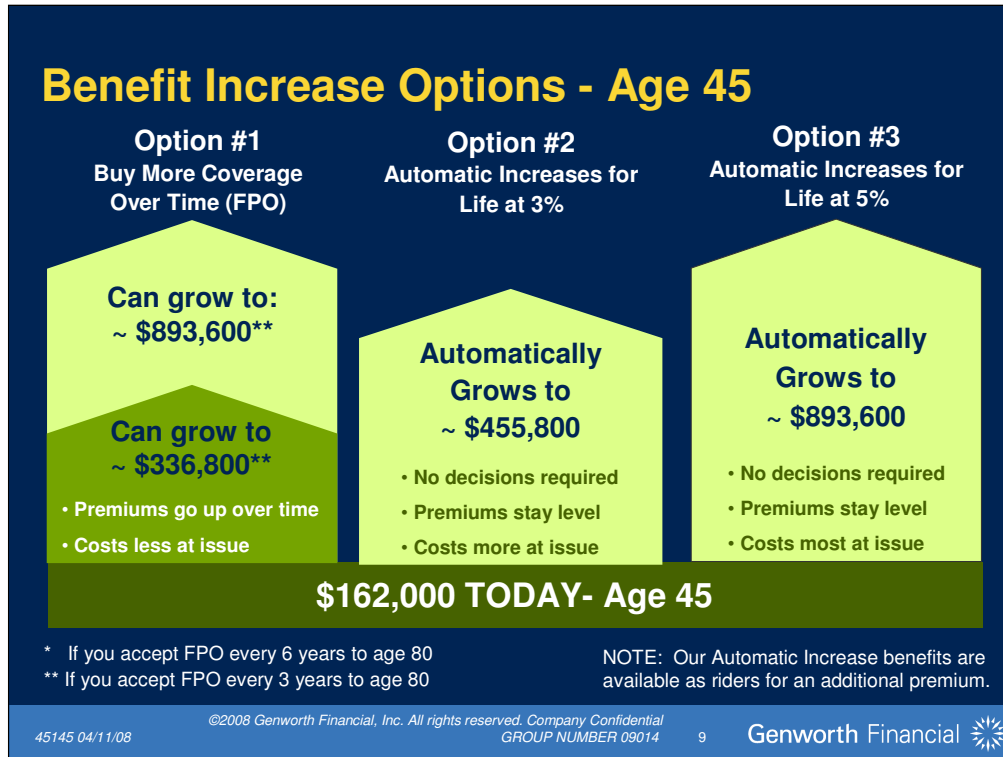
\* Assumes a Monthly coverage of \$4,500 and a total coverage of \$162,000

## Plan Example Summary – Age 45

	 LEVEL 1	 LEVEL 2	 LEVEL 3
<b>PREMIUM</b>	<b>\$17.95</b>	<b>\$26.93</b>	<b>\$54.09</b>
<b>TOTAL COVERAGE</b>	<b>\$108,000</b>	<b>\$162,000</b>	<b>\$450,000</b>
<b>PAYS UP TO:</b>			
• <b>Facility Care</b>	\$3,000/month	\$4,500/month	\$7,500/month
• <b>Home Care</b>	\$2,250/month	3,375/month	\$5,625/month

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- Here are examples of three coverage levels:
  - Level 1: Provides less coverage, but is more affordable
  - Level 2: The most choice for those looking for coverage for typical expenses
  - Level 3: Provides more extensive coverage, but higher monthly premiums
- These plan levels were designed with today's costs of care in your area, in mind. We will be discussing ways to protect against cost of care increases in a few minutes.
- All of these Coverage Levels come with an option to buy more coverage over time, (the future purchase options or FPO). It is available as a standard feature in all plan designs.



So going back to our Level 2 coverage example... what would happen to our \$162,000 pool of money under each of the three options by the time our 45 year old reached age 80?

### **Buy More Coverage Over Time (FPO)**

- With the Buy More Coverage option, your total coverage could grow as high as \$893,600 by the time you reach age 80, if you took every offer. However, if your total and monthly premiums would continue to increase and eventually would exceed premiums for both Options 2 and 3. A more realistic scenario might have you taking every other offer providing you with coverage of about \$336,800 by age 80. The pluses for this option are that it costs less at issue and it gives you the choice as to whether to take the offer depending on your circumstances at that time. However, remember that after two declines in a row you'll need to be underwritten to take advantage of these increases.

### **Automatic 3% Increases for Life (compound)**

- If you chose Option #2 – 3% automatic increases for life, your total coverage could reach approximately \$455,800 by the time you reached age 80 and would continue to increase for the life of your policy. The plus to this is it provides comprehensive coverage and premiums remain level over time. The minus is it may cost more at time of issue, and may not be affordable to some consumers.

### **Automatic 5% increases for life (compound)**

- If you chose Option #3 – 5% automatic increases for life, your total coverage could reach more than \$893,600 by the time you reached age 80 and would continue to increase for the life of your policy. The plus to this is it provides the most comprehensive coverage and premiums remain level over time. The minus is it costs the most at time of issue, and may not be affordable to some consumers.

## Who Is Eligible to Apply for This Program?

- Contributing Members of TRS who are employed by a Public School and are actively at work
- Employee's Spouse under age 80
- Employee's Parents and Parents-in-law under age 80
- Employee's Grandparents under age 80

**To be eligible, the person must maintain a permanent US residence, and have a valid Social Security Number or Tax Identification number from the US government.**

- Contributing members must be actively-at-work to apply
- Issue ages are 18 -79 for spouses and others

## Next Steps...

Take advantage of no or streamlined underwriting during this enrollment opportunity depending on your age and the plan you choose:

During the first 90 days of TRS membership

Apply on the Website: **genworth.com/groupltc** OR Call Customer Service: **1 866.659.1970**

**Group Name: TRS**  
**Access code: groupltc**

Important details about this Program are explained in the Outline of Coverage, available on the Teacher Retirement System of Texas web site or in the Teacher Retirement System of Texas Information Kit

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- So what are the next steps:
- Take action. If you are ready to enroll go to the group website. The website is easy to use, and everything you need to enroll is there.
- Or if you want more information—you can find that at the web site, or and if you feel more comfortable talking to someone to answer your questions, you can do that. Call the customer service toll free number. Information kits are available there too.
- Finally make sure to remember to enroll online or mail completed forms within 90 days of your TRS membership to take advantage of the no or streamlined underwriting depending on your age and plan you choose available during the initial enrollment period.
- And don't forget, other family members are eligible. Encourage them to visit the website, or call.

## Details You Should Know

- There is no Return of Premium if you don't use the benefits
- Rates are designed and priced for long term stability-however they could increase
- There is an elimination or waiting period--works like a deductible
- Care not covered includes:
  - Care by immediate family member
  - Care for which no charge is made in the absence of insurance
  - Care by Veterans Administration or other government facility
  - Care outside US except as covered by the international benefit
  - Care resulting from alcoholism, drugs, war or act of war
  - Care covered by workers comp, occupational disease act or similar
- Non-duplication and coordination
  - Only pay for coverage amounts over and above Medicare, or other state programs except Medicaid
  - Won't, in combination with other long term care insurance, pay more than expenses incurred

**Important details are explained in the Outline of Coverage, available in your Information Kit or on the TRS Group Long Term Care Insurance web site**

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Insurance policies tend to include “small print” or things you need to know. We have tried to point out some of the most important here and on the next couple of pages. For instance:

- Elimination period- Most long term care insurance program's have a waiting period before you can begin to receive benefits. This plan's is 90 calendar days. This works just like a deductible on your car insurance and on some health plans today, and is there to help keep premiums affordable. The Elimination Period only has to be met once per lifetime, and you don't need to receive long term care services each day of the elimination period; however, you do need meet the qualifications for benefits and receive at least one day of covered care.
- Another question people ask is can they get the premiums back, if they don't use the coverage. A feature like that would also add to the cost of the program and it was decided that to keep it more affordable, that would not be included.
- A third question many people have is can premiums be raised in the future. We cannot tell you they can't, but the premiums for this program have been carefully designed based on extensive experience and conservative assumptions TO REMAIN STABLE over time.

If any change to the rates were to be made, it would be applied to everyone in a class or state. Once your coverage is in force, your premiums can't be increased based on changes to your age or your health.

- Refer you to the outline of coverage and related documents on your web site for additional details you may need

## Additional Disclosures

- This insurance program is underwritten by Genworth Life Insurance Company
- Coverage is provided under group policy 09014 issued to Teacher Retirement System of Texas using policy form number 7046POL-TRS 07/09
- Coverage is intended to be tax qualified under IRS code 7702(B)
- State variations may apply. Refer to your outline of coverage for coverage definitions, benefits, features, exclusions and limitations.
- This material is part of a solicitation for Group long Term Care insurance