



ABACUS LIFE

OPTIONS FOR YOUR LIFE INSURANCE

HOW COVID IMPACTED YOUR STATES LONG TERM CARE FINANCIAL BURDEN

“ COVID-19 erased hundreds of millions of dollars of individual wealth and has placed the burden of funding their long-term care on the state and federal programs. We are in a Senior Health Care/Long Term Care funding crisis. ”





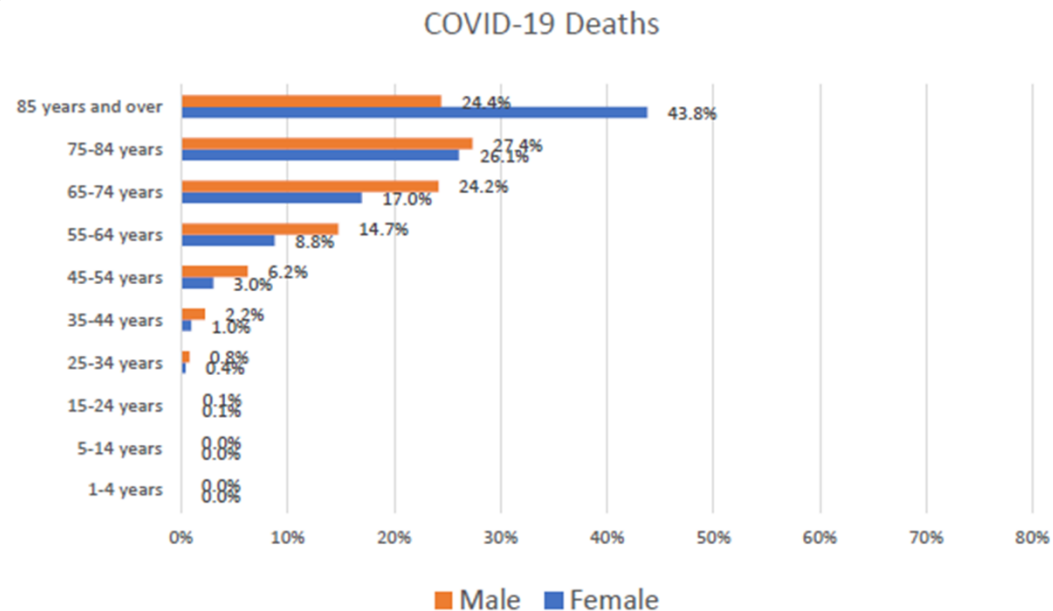
IMPACT

- As of mid-September 2020, more than 6.8 million people in the U.S. have tested positive for COVID-19
- There have been more than 200,000 COVID-19-related deaths
- By June 2020, approximately **45% of COVID-19 deaths in the U.S.** were from those in **long-term care facilities** such as nursing homes

COVID-19 AND AGE

- COVID-19 deaths are highly skewed towards older ages, with 80% of deaths occurring at ages 65 and above ⁽¹⁾

- While the short-term focus has been on the impact of excess mortality created by COVID-19, there are longer-term implications
- Those who survive COVID-19 may find themselves enduring critical health issues that shorten their life expectancy



FINANCIAL UNCERTAINTY

- A key impact of COVID-19 has been the large increase in layoffs and unemployment
- As of August 2020, there were approximately 13.7 million individuals unemployed, compared to 6.2 million the year before
- Over the past five years, the annual volume of new life settlements has averaged \$2.9 billion and ranged from \$1.7 billion to \$4.2 billion over this period



GROWING DEMAND FOR LTC FUNDING

- The costs associated with aging is on the rise
- Federal and state fiscal constraints will result in a reduction in programs currently offered for the elderly
- From 2004 to 2019, the increase in the cost for facility and in-home care services ranged between 1.7% and 3.6% per year
- Public funds accounted for 53% of nursing home payments in 2016

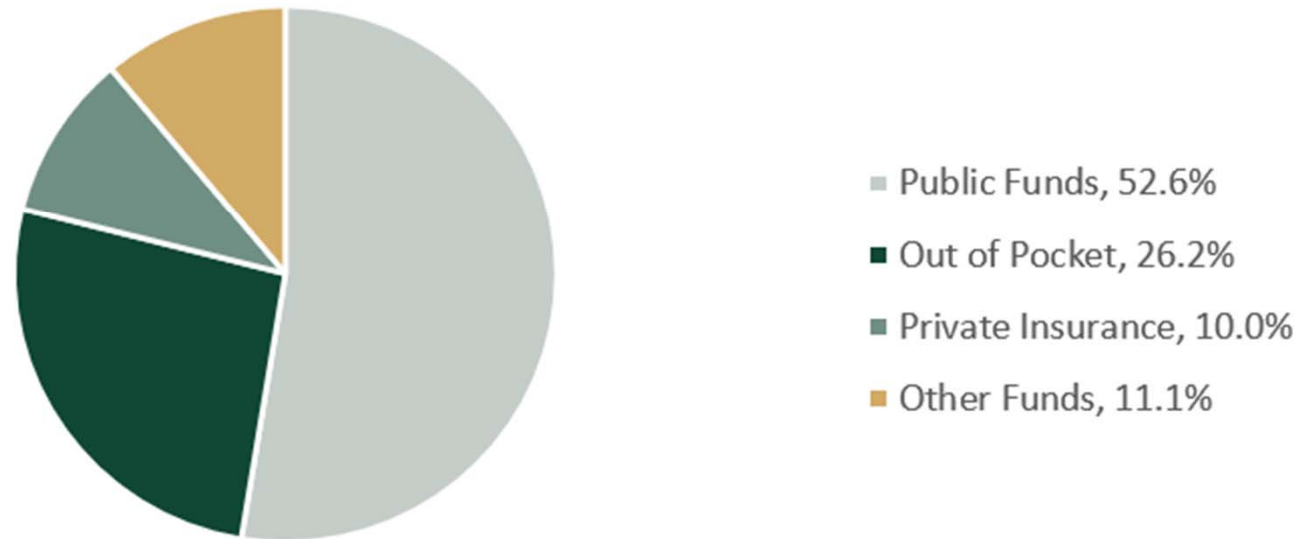


Florida - State Median

Monthly Cost	2018
Home Health Care	
Homemaker Services	\$3,804
Homemaker Health Aide	\$3,909
<small>Based on annual rate divided by 12 months (assumes 44 hours per week).</small>	
Adult Day Health Care	
Adult Day Health Care	\$1,463
<small>Based on annual rate divided by 12 months.</small>	
Assisted Living Facility	
Private, One Bedroom	\$3,500
<small>As reported, monthly rate, private, one bedroom.</small>	
Nursing Home Care	
Semi-Private Room	\$8,152
Private Room	\$9,064
<small>Based on annual rate divided by 12 months.</small>	

WHO PAYS FOR LONG TERM CARE?

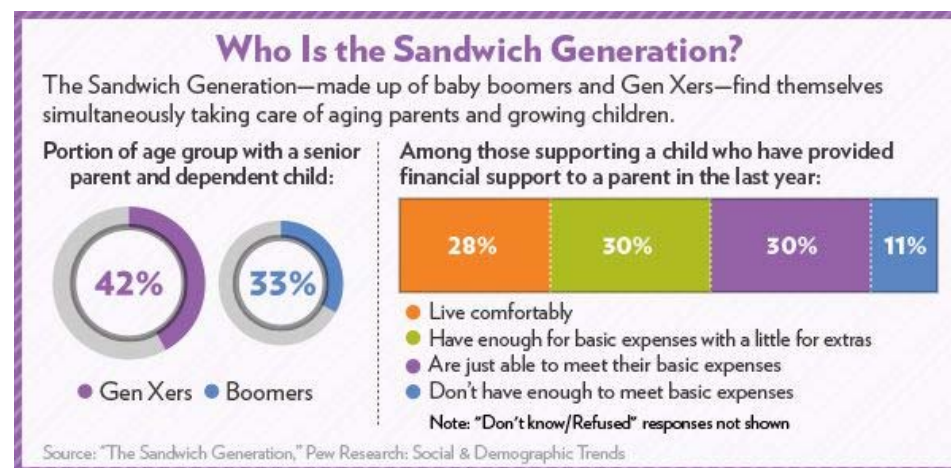
Nursing Home and Retirement Care Expenses Paid by Source, 2016

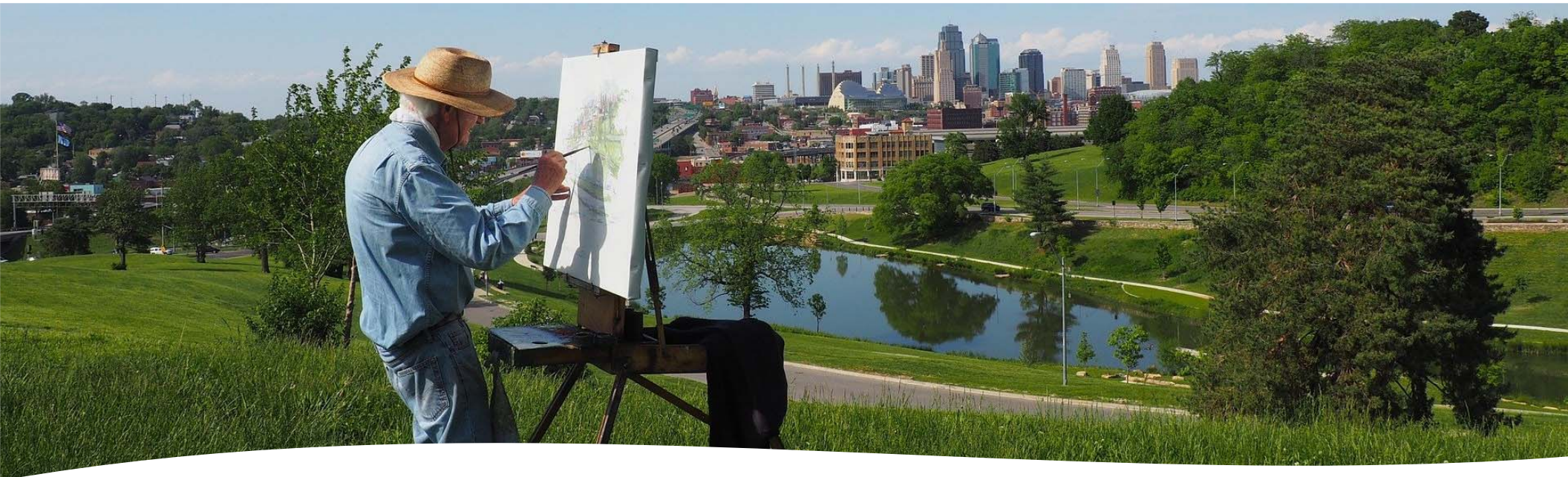


Prepared by Conning, Inc. Source: Centers for Medicare & Medicaid Services, Department of Health and Human Services

THE SANDWICH GENERATION

- 9M people care for both their children and their parents
- 26% of caregivers who are caring for a parent are also caring for their own children under age 18
- Caregivers are typically between the age of 30-50 and two-thirds of them have jobs
- Having children later in life is a major contributor of caregiving for two generations
- They work an average of 36 hours a week, they are devoting 22 hours a week to caring for an adult



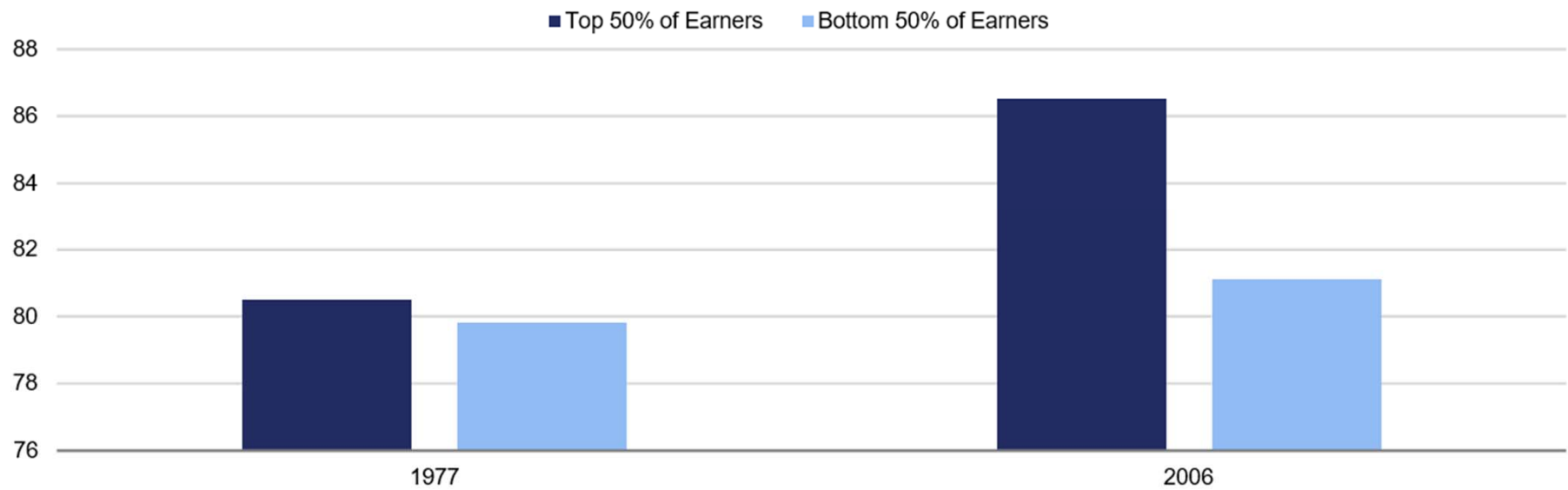


WEALTH IMPACT ON LIFE EXPECTANCY

- In 1977, life expectancy at age 65 for a man who was in the bottom half of earners during his peak earning years was 79.8 years; for a 65-year-old male who was in the top half of earners during his peak earning years, it was 80.5.
- By 2006, life expectancy at 65 for a male who was in the bottom half of earners during his peak earning years increased 1.6% to 81.1 years of age. A male who was in the top half of earners during his peak earning years experienced a 7.5% increase to 86.5 years of age.

Wealth Impact on Life Expectancy

Male, Age 65



Prepared by Conning, Inc. Source: Social Security Administration

Florida Health Care Association

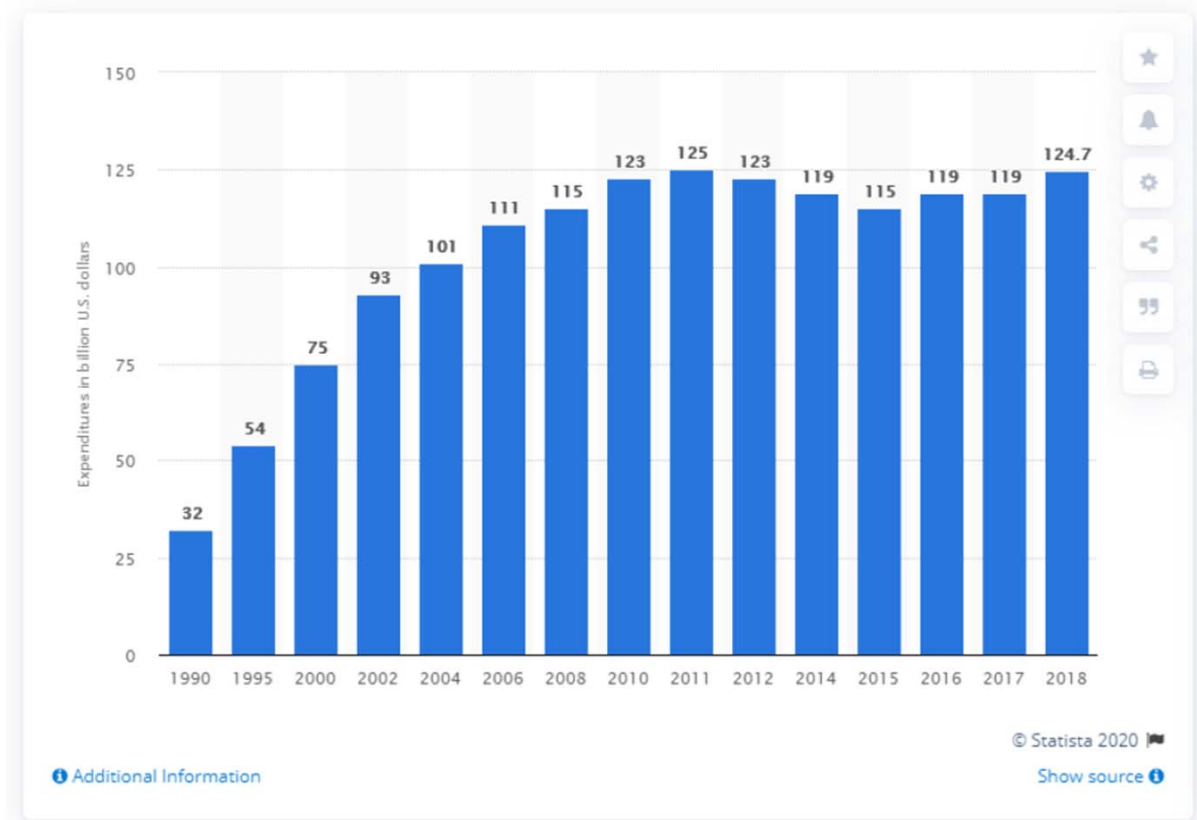
- Medicaid, which covers health care costs for low-income individuals, pays for approximately 60 percent of all long-term care spending
- Accounting for about 40 percent of total expenditures on nursing centers, Medicaid's payments cover the care of more than half of all nursing home residents

Statistics

- Medicaid spent approximately 124.7 billion U.S. dollars on long-term care services in 2018, which was an increase of around six billion U.S. dollars on the previous year
- California, New York, and Pennsylvania were the states with the highest long-term care expenditures

Medicaid Long-term care services expositors in the US from FY 1990 to FY 2018

(in billion U.S. dollars)





SOLUTION

- The impact of long-term care on Medicaid is one reason legislation has been proposed to enhance the use of life settlements as a source of long-term care funding
- With the number of individuals entering the life settlement demographic range, the costs associated with aging continues to rise
- Life settlements could provide an alternative source of funding for LTC for some individuals
- This has led some states to recommend life settlements as one option families and individuals could consider funding LTC

“ A life insurance policy is **personal property** and selling it for **fair market value** is a **legitimate, safe** and viable choice to create more **options** for the future because Life insurance is often a senior’s largest **asset** and one they can use to alleviate retirement challenges — but they rarely treat it that way. ”

EDUCATION IS
IMPERATIVE



AN AGING POPULATION

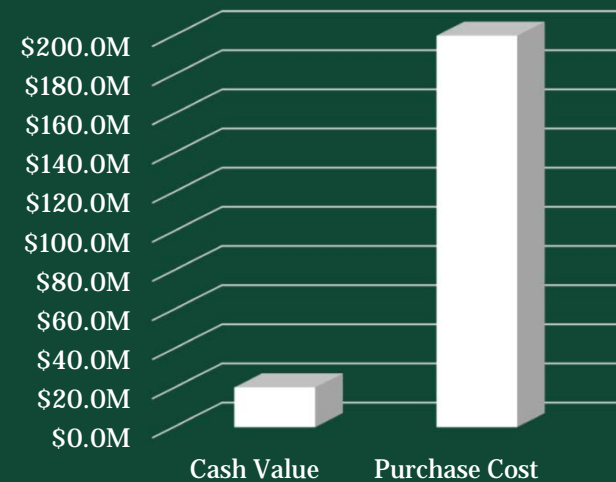
Abacus paid \$200M to seniors in 2019
and purchased 423 policies

Abacus has over \$1B in capital that did
not get spent due to lack of inventory

EDUCATION IS IMPERATIVE

“ Abacus Life has been the leading buyer of consumer sold life insurance policies for the last 15 years. With \$10 billion in policy face value purchased, we’ve helped clients understand that a life insurance policy is ***personal property*** and selling it for ***fair market value*** is a ***legitimate, safe*** and viable choice to create more ***options*** for the future. Life insurance is often a senior’s largest ***asset*** and one they can use to alleviate retirement challenges — but they rarely treat it that way. ”

2019 - 8x CSV Paid to Sellers



Abacus provides value to clients: Purchase cost is more than 8x the existing cash value



ABACUS LIFE

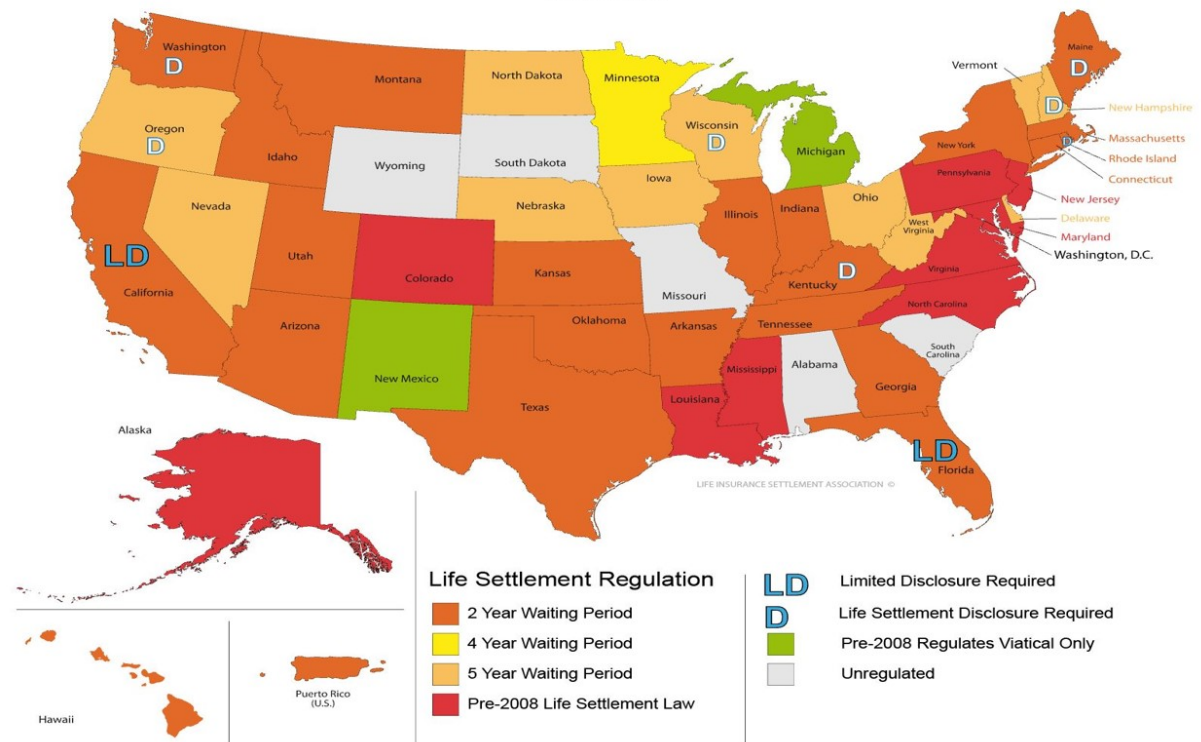
OPTIONS FOR YOUR LIFE INSURANCE

REGULATIONS

43 states and the territory of Puerto Rico regulate life settlements, affording approximately 90% of the United States population protection under comprehensive life settlement laws and regulations

LIFE SETTLEMENT LAW

SEPTEMBER 2018



REGULATION – Pro-Consumer Disclosures

- SEC Reg BI (Best Interest Rule) may agree that a life settlement is a far more “suitable” option than allowing a client’s policy to lapse
- Six states (Kentucky, Maine, New Hampshire, Oregon, Washington, and Wisconsin) require some type of disclosure that informs consumers who are about to lapse or surrender a policy about the life settlement option
- New York’s Regulation 187 attracted the most notice and could have the greatest impact on life settlements
 - Life insurance agents may need to discuss the benefits of a life settlement with any of their clients who are considering lapsing or surrendering their policy

Growing Partnerships

Abacus is partnered with the following federal and state resources to encourage senior awareness:

Federal:

- **HR 7203 – Congress – Funds received from the sale of a policy will be tax free if used for long term care**
 - **Bill is currently under review**

State:

- **Department of Elder Affairs**
- **Senior Resource Alliance**
 - **Appointed Board Member**

Local:

- **Orlando Mayor Committee on Healthy Livability and Aging**
- **Florida Council on Aging**

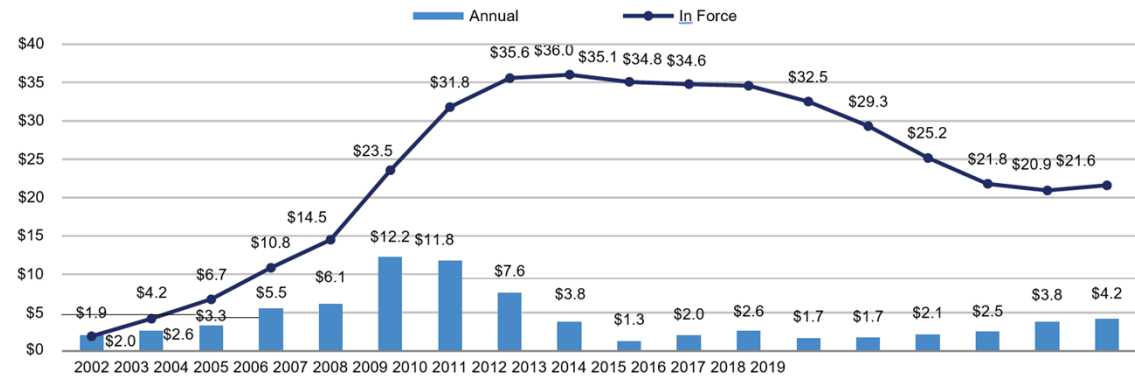


MARKET VOLUMES

- The annual volume amount of life settlements continued to increase in 2019. The amount of in-force life settlements grew for the first time since 2010
- Over the past five years, the annual volume of new life settlements has averaged \$2.9 billion and ranged from \$1.7 billion to \$4.2 billion over this period.
- The amount of face value for in-force life settlements increased to an estimated total of \$21.6 billion in 2019.

Conning Estimate of Annual and In-Force U.S. Life Settlement Volume

\$ in billions



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MARKET AWARENESS

1%

*of Americans are aware of their policy has a market value

\$143
BILLION

Dollar amount that is forfeited back to life insurance companies each year in the U.S. (2)

90%

Percentage of seniors who would have considered a life insurance option if they knew it existed. (1)

76.4
MILLION

Number of Americans who will be of retirement age by 2020. (1)

*Based on a study conducted by a 3rd party research firm, hired by Abacus

1. "The Life Insurer's Factbook."; ISI, 2010 "The Consumer's Guide to Life Settlements"; US Census, 2014
2. Magna "Life Settlement Industry Report 2018", 2019

Policy Value Calculator

Jay Jackson

jay@abaculife.com

Your Phone

Male

75

1000000

Universal/Flexible Premium

CALCULATE

Disclaimer: This is not an offer or bid. This is average pricing for discussion purposes only. Speak with your Abacus representative for additional insight. There have been many assumptions including but not limited to premium amounts and life expectancy that may or may not be accurate to your specific case. An actual underwritten life settlement offer may be much higher or lower. Full due diligence must be applied to any policy, insured, and seller to determine if a life insurance policy is sellable.

Policy Value Calculator

Health Status	Average Price
Standard	\$42,890.00
Slightly Impaired	\$95,980.00
Moderately Impaired	\$149,150.00
Highly Impaired	\$203,410.00
Extremely Impaired	\$256,790.00
Terminal Illness	Up to \$800,000.00

CLEAR

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AGING I.Q. NEWS

- Educational and uplifting senior news
- Caregiving, community living, finance, health and more
- Launched December 2019
- Biweekly news distributed to 200k subscribers
- Opportunities for backlinks and exposure



Uplifting & Educational News for Seniors



Making Your Retirement Savings Last

Do you expect to spend the same amount each and every year in retirement? Of course not.

[Read More >](#)



Why Do Fiduciary Advisors Matter?

To choose a financial advisor that can set you financial success, you'll want to choose one who understands what it means to be a fiduciary - you'll need to understand the term yourself.

[Read More >](#)



Aging Joyfully & Defying Senior Stereotypes

From ballet dancing to mountain climbing and from art to athletics, we meet seven older people who prove that later life can be anything but dull.

[Read More >](#)



Aging In NYC: Senior Living In The City

Photographer Herb Bardavid focuses on seniors getting out on the town for a long-term project. Here are some stories he's shared with Patch.

[Read More >](#)

NEXT STEPS

- **Learn More about this Financial Option**
 - **Generic Brochures and Education Based Literature**
- **State Influence - Medicaid Qualification**
 - **Do not allow a life insurance policy to be lapsed for cash value without knowing the policy market value**
- **Contact Abacus for a Zoom Training Meeting**



Jay Jackson

PRESIDENT & CEO

[jay@abacूसlife.com](mailto:jay@abacუსlife.com)

800-561-4148

Abacूसlife.com



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