

# The Living Benefits Continuum

*Presented by:*

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**PLUS**

**The Missing Link...**  
***Disability Insurance***

# Change your Perception



# Subject Matter

- ❑ Why Living Benefit (LB) planning is more important than ever
- ❑ Use of disability, critical illness and long term care insurance in LB planning
- ❑ Disability insurance planning

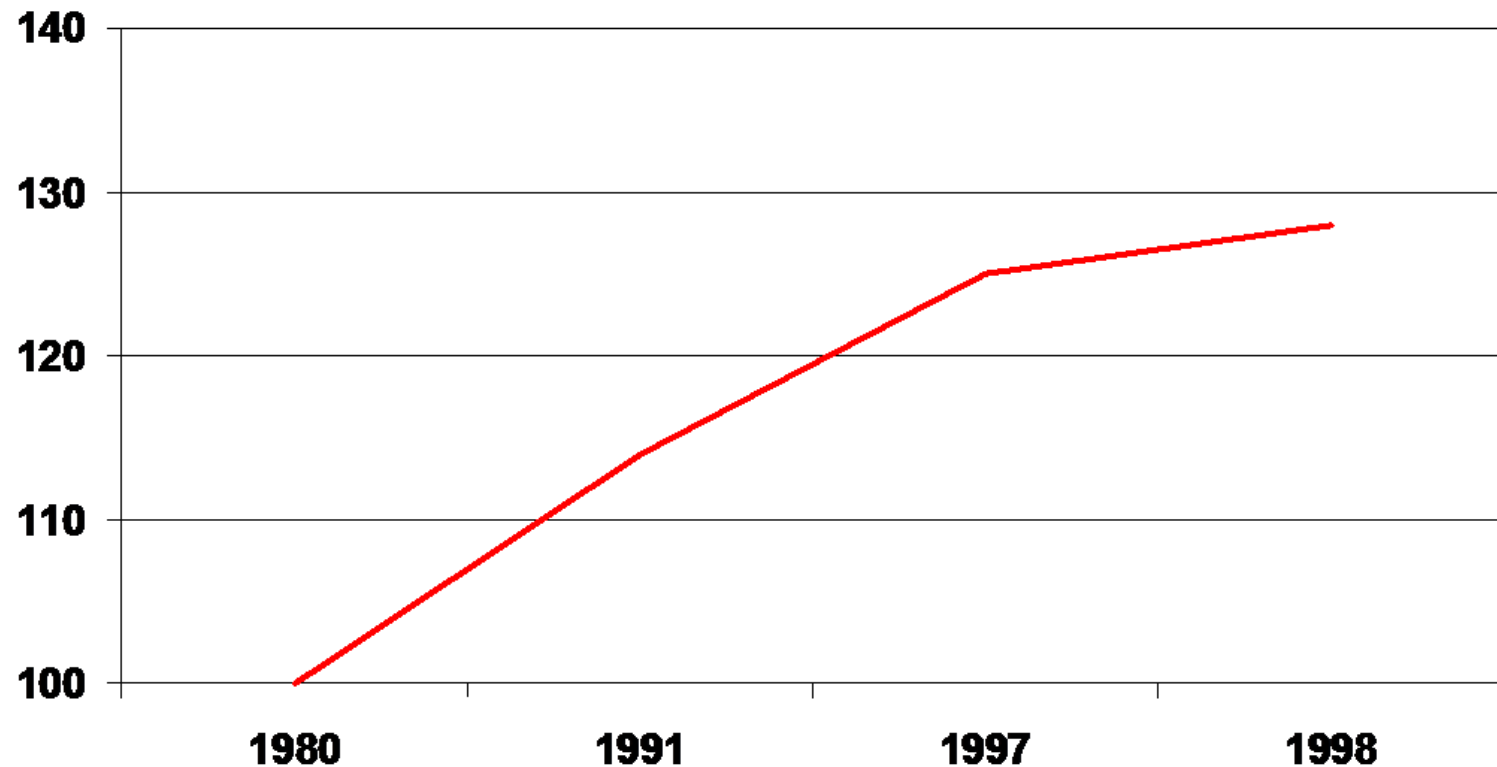
# Living Benefits Trends

- ❑ Disabilities are on the increase
- ❑ Chance of incurring and surviving a critical illness is on the increase
- ❑ People live longer
- ❑ Health care consumed in exponential manner as we age
- ❑ Rising health care costs

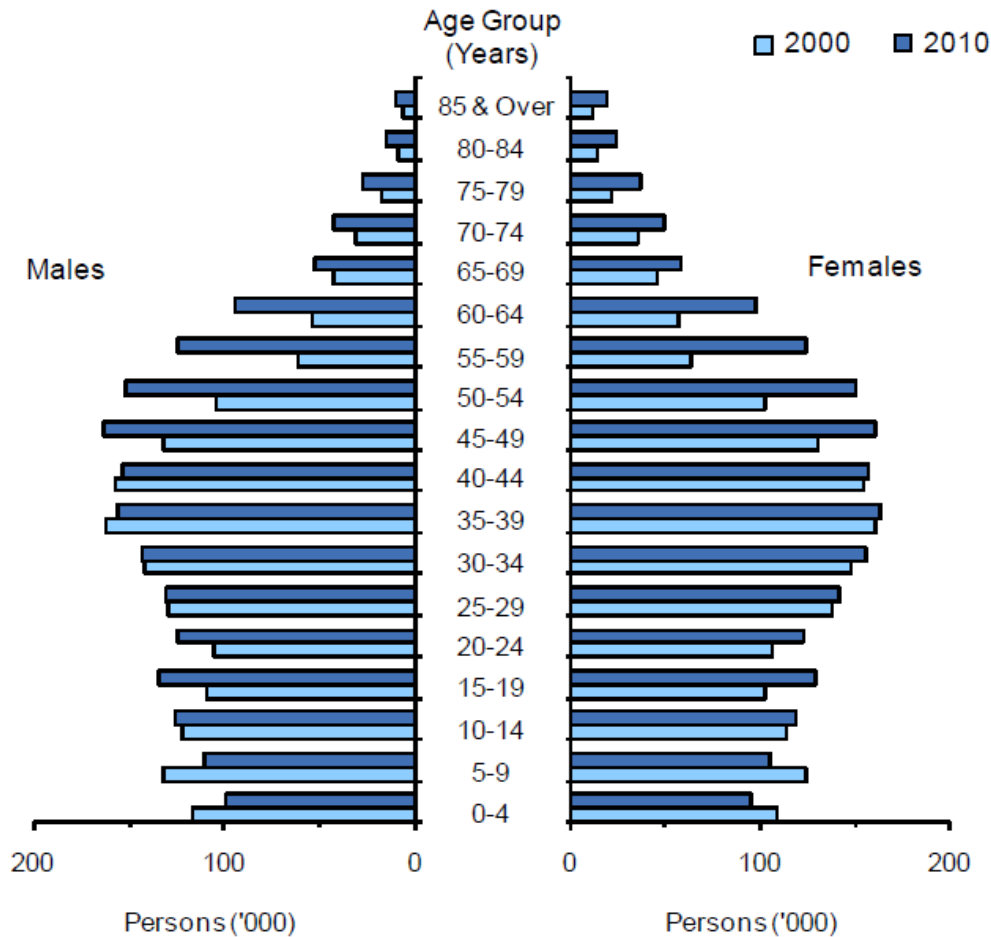
# Living Benefits Trends Con't

- ❑ Decreasing tax base to support increased health care costs and social programs
- ❑ Decrease in fertility and increase in senior population means less family to depend on for care
- ❑ Disability insurance becomes more important for the working population

# Disabilities Are On The Increase



# Singapore's Population



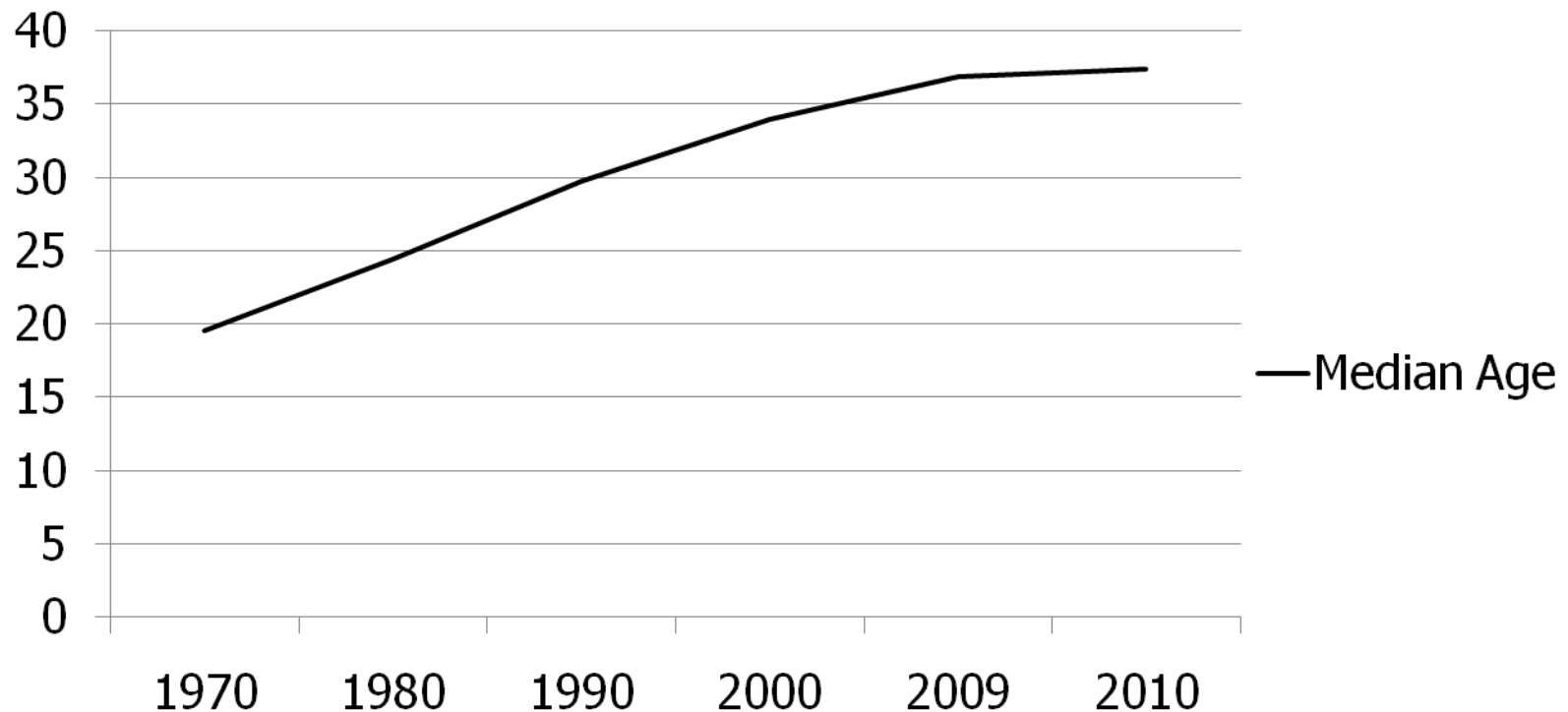


# Demographic Shift

Age Group (Years)	1990	2000	2009	2010
Total (%)	100.0	100.0	100.0	100.0
Below 15	23.0	21.9	17.9	17.4
15-24	16.9	12.9	13.5	13.5
25-34	21.5	17.0	15.3	15.1
35-44	16.9	19.4	16.9	16.7
45-54	9.0	14.3	16.6	16.6
55-64	6.7	7.2	11.0	11.7
65 & Over	6.0	7.2	8.8	9.0
Median Age (Years)	29.8	34.0	36.9	37.4

# Median Age in Singapore

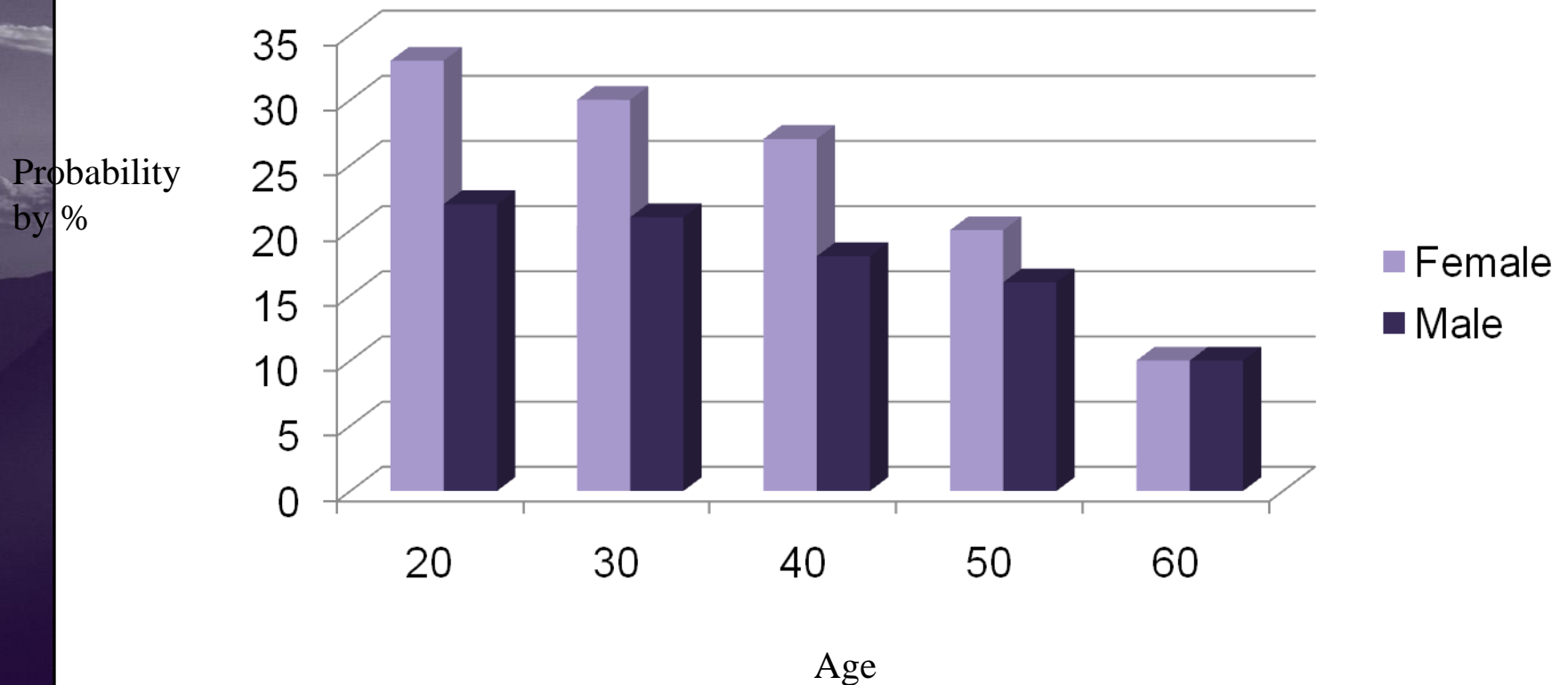
## Median Age



Source: Statistics Singapore

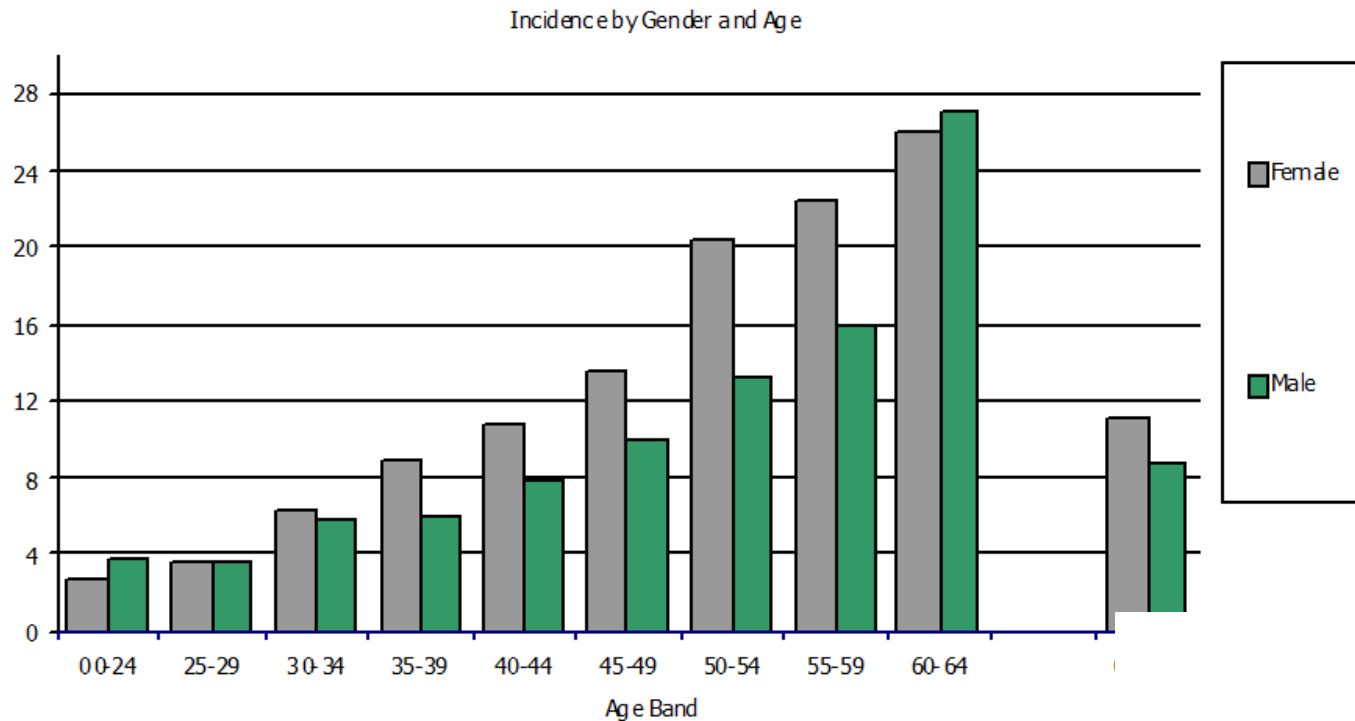
# Probability of Becoming Disabled

Probability of becoming disabled for at least 90 days



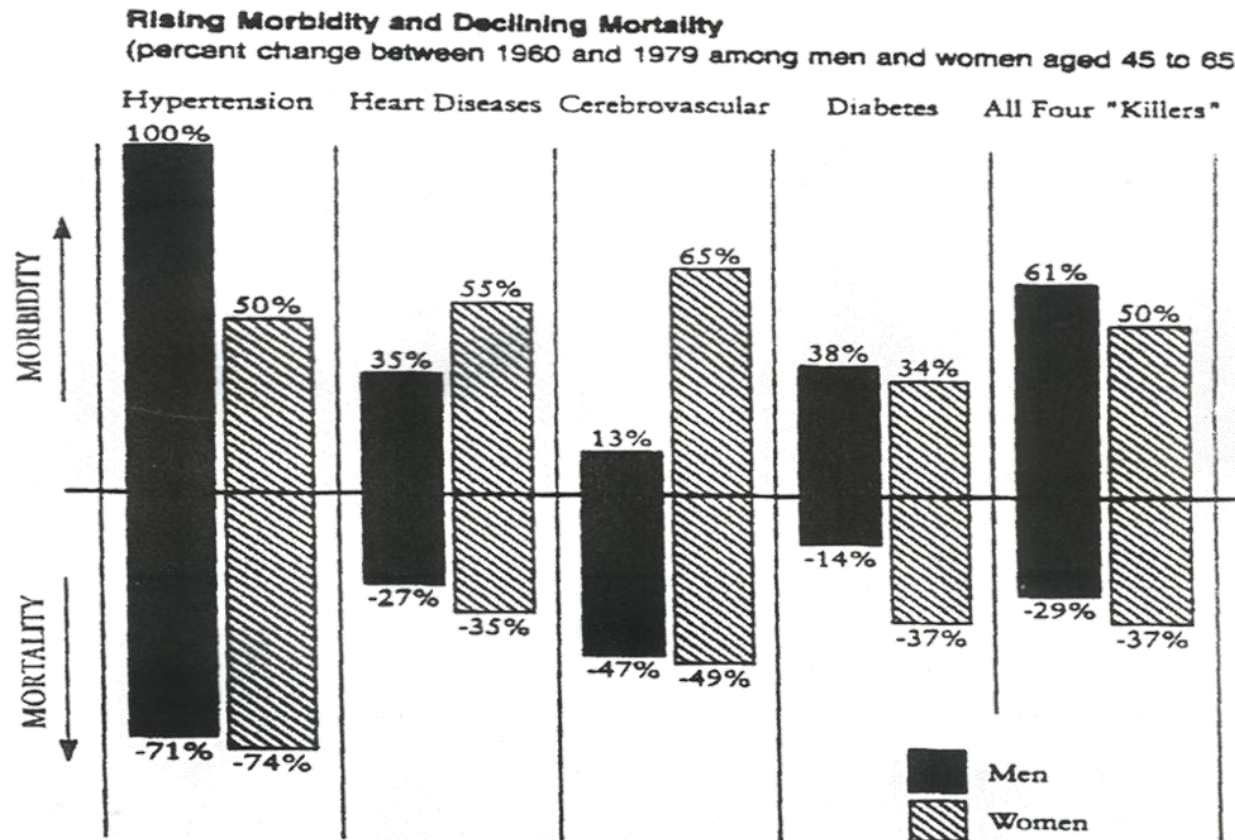
# Disability Demographics

## Incidence – demographics



Source: Great West Life

# Rising Morbidity & Declining Mortality



Source: Life Insurance Marketing and Research Association.  
The Paul Revere Life Insurance Co.

# Likelihood of Suffering a Critical Illness

- ❑ 1 in 2 men & 1 in 3 women are predicted to develop a heart disease in their lifetime
- ❑ 1 in 2.3 men and 1 in 2.6 women in Canada will develop cancer in their lifetime

Source: Heart & Stroke Foundation, 2006

Source: National Cancer Institute of Canada: Canadian Cancer Statistics 2008

# Likelihood of Suffering a Critical Illness & Surviving

- ❑ 1 in 9 women is expected to develop breast cancer
- ❑ 1 in 12 men is expected to develop lung cancer
- ❑ 159,9000 new cancer cases were estimated to occur in Canada in 2007
- ❑ The cancer survival rate has almost doubled since the 1960s

Source: National Cancer Institute of Canada: Canadian Cancer Statistics 2008



# Likelihood of Suffering a Critical Illness & Surviving

- 70,000 Canadians suffer heart attacks each year
  - 80% of hospitalized heart attacks survive
- 40,000 – 50,000 Canadians suffer a stroke each year
  - 80% of stroke patients survive the initial event

Source: Heart & Stroke Foundation (2001-2008)



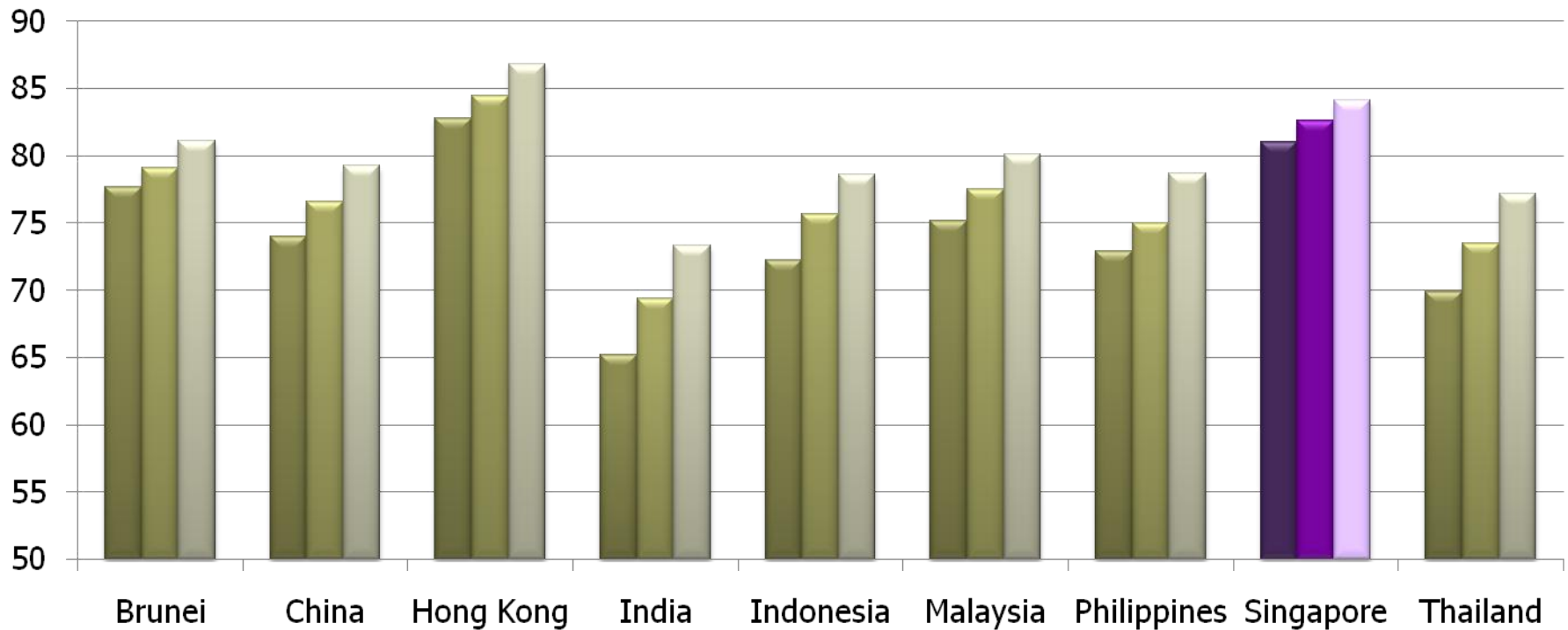
# Critical Illness Insurance

- Pays a lump sum benefit to be used however you choose;
  - Pay off debts
  - Cover any shortfall from disability insurance
  - Pay for additional medical costs
  - Cover spouse's income if he/she takes time off work to care for you

# Why are Living Benefit Products Important?

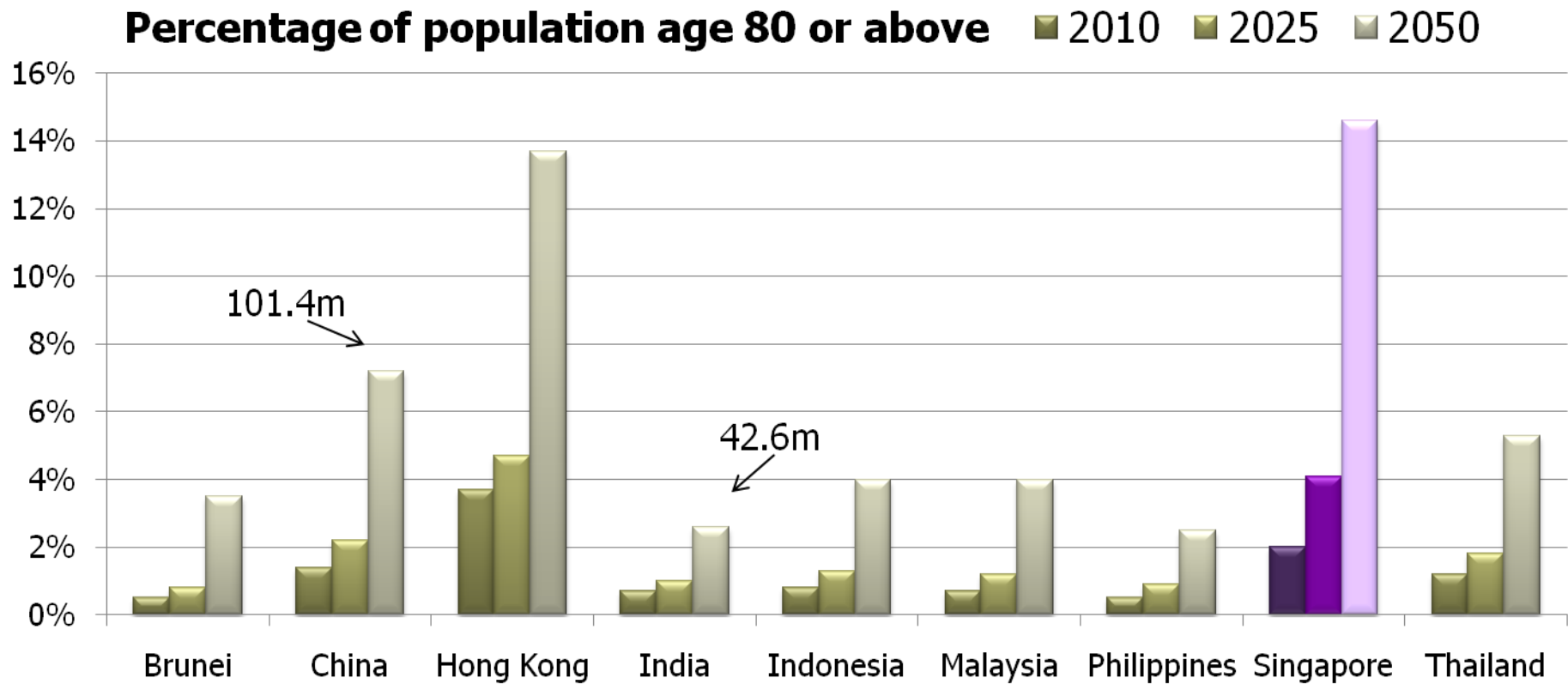
## Living longer....

**Life Expectancy at birth** ■ 2010-2015 ■ 2025-2030 ■ 2045-2050



Source: Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, *World Population Prospects: The 2008 Revision*, <http://esa.un.org/unpp>,

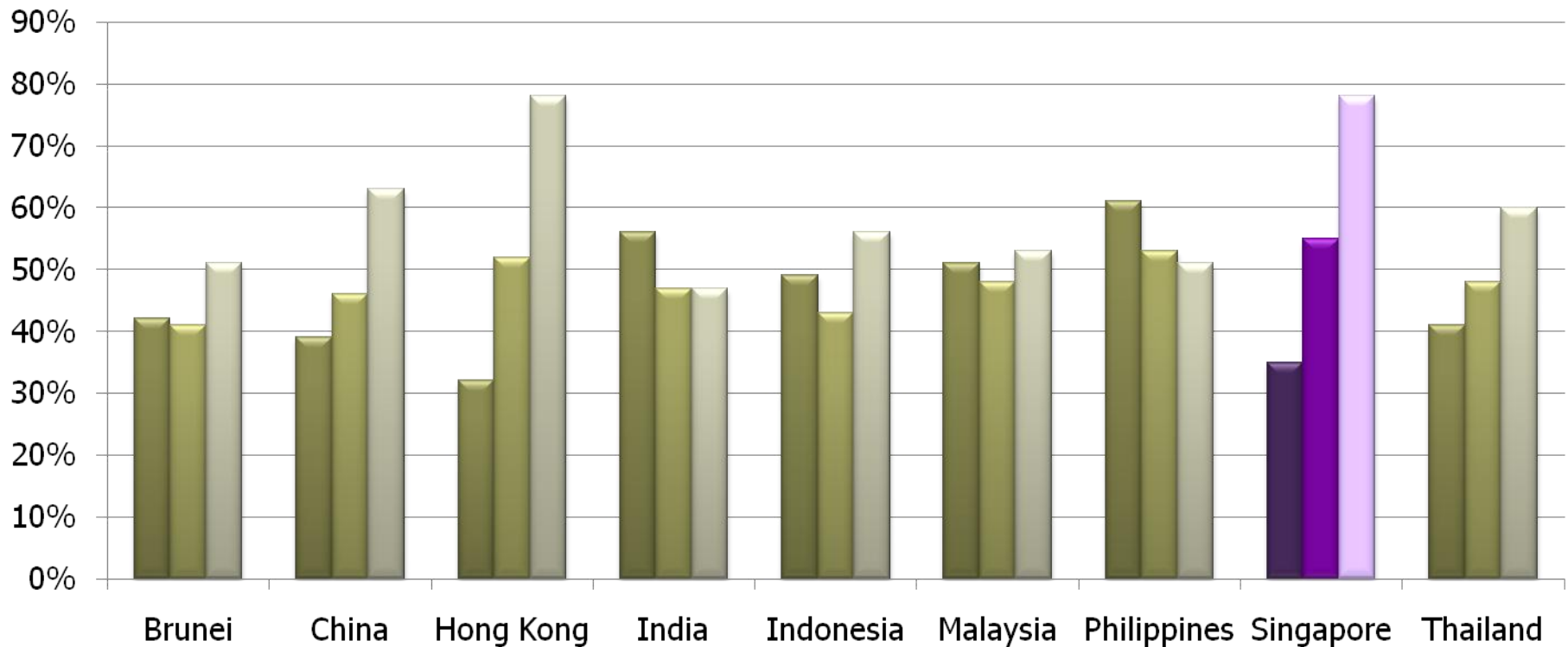
# Why are Living Benefit Products Important? ...so more people over age 80....



Source: Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, *World Population Prospects: The 2008 Revision*, <http://esa.un.org/unpp>,

# Why are Living Benefit Products important? ...and increased dependency rates...

**Total Dependency Ratio** ■ 2010 ■ 2025 ■ 2050

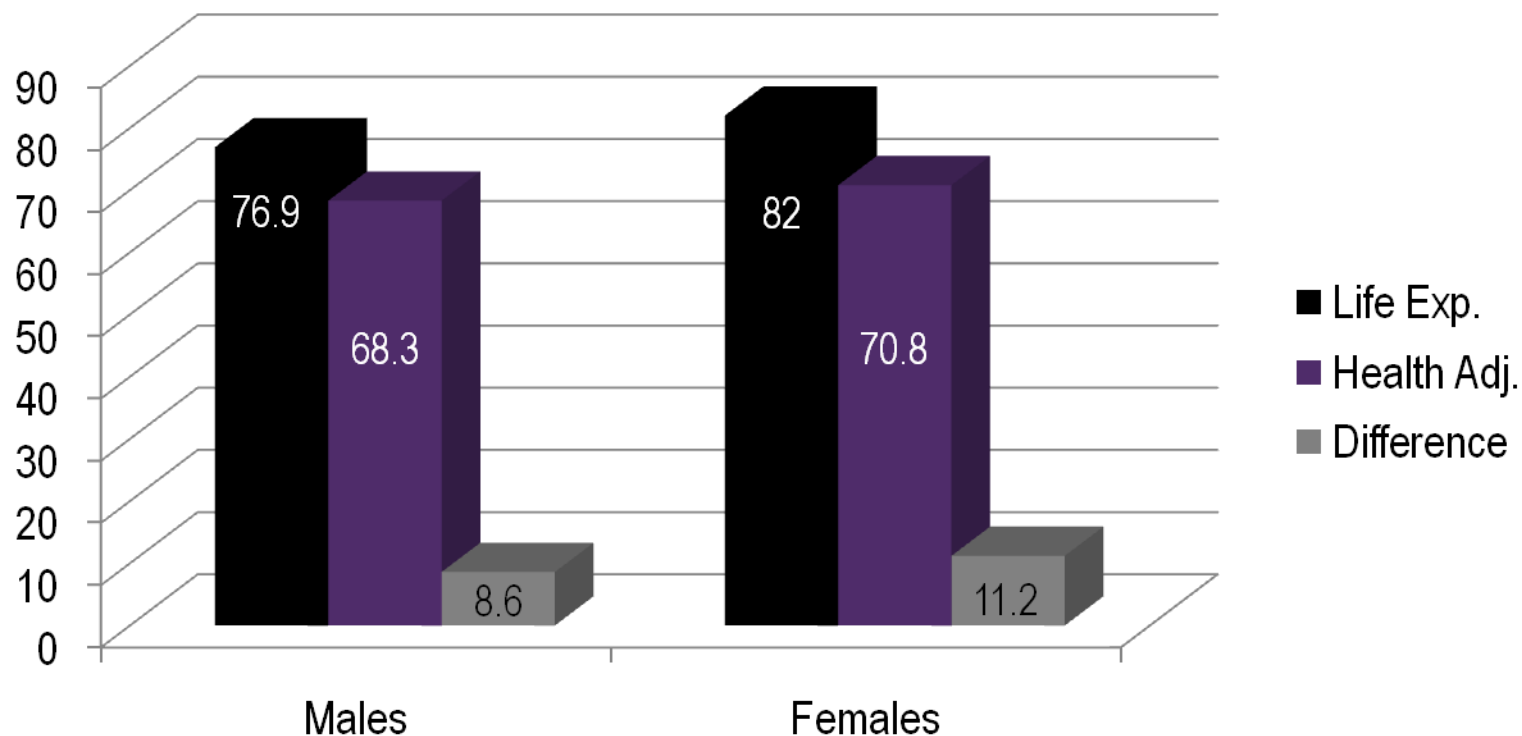


Source: Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, *World Population Prospects: The 2008 Revision*, <http://esa.un.org/unpp>,

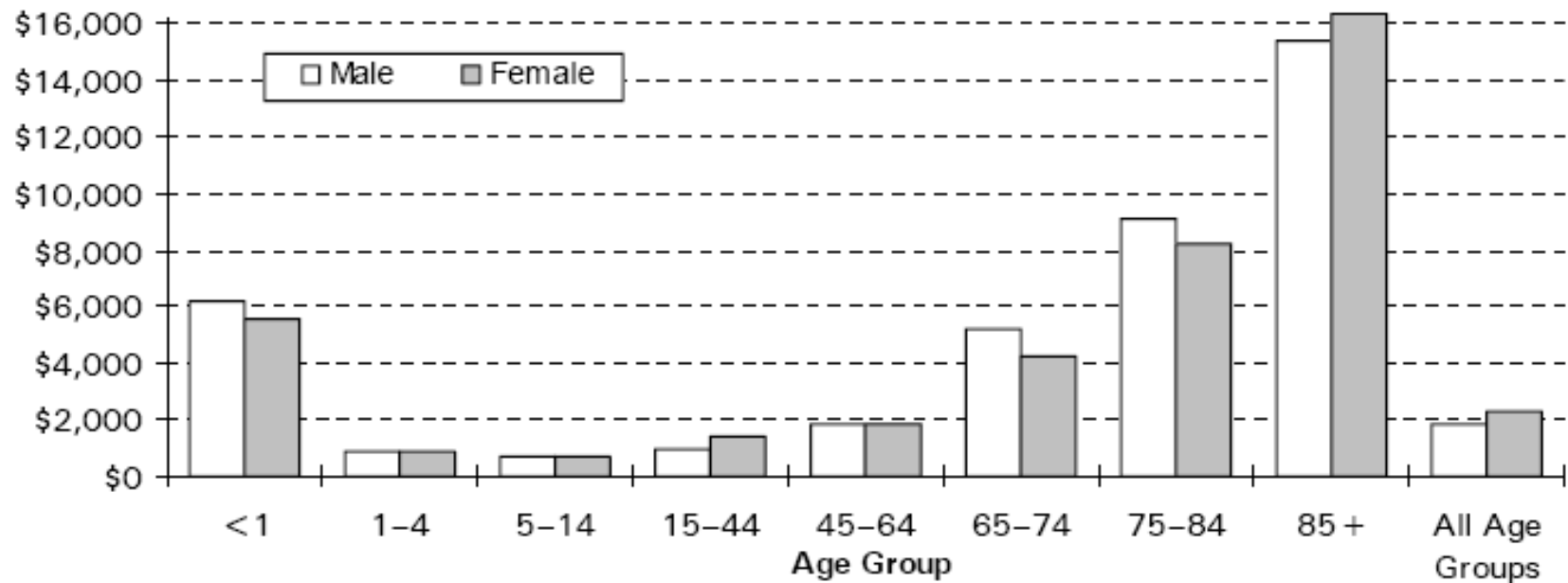
# Singapore Population

- Population over age 65...2005 – 12.3%...2020 – 31.6%
- From 1998 to 2005 there was a 1% rise in number of elderly, 52% rise in elderly using community based facilities, 25% increase in nursing home beds

# Health Adjusted Life Expectancy



# Costs of Health Care by Age Group



Source: Canadian Institute for Health Information, Provincial and Territorial Government Health Expenditure by Age, Group, Sex, and Major Category: Recent and Future Growth Rates, May 2005.



## LIFE EXPECTANCY ON THE RISE...

### MEN:

1950: 66.8 years  
2005: **77.5 years**

### WOMEN:

1950: 71.6 years  
2005: **82.4 years**

Source: Statistics Canada.



## ...BUT THE RISK OF DEPENDENCE INCREASES WITH AGE!

**Age 65 to 74:** 1 out of 3 people have lost their independence

**Age 85 or older:** 4 out of 5 people have lost their independence

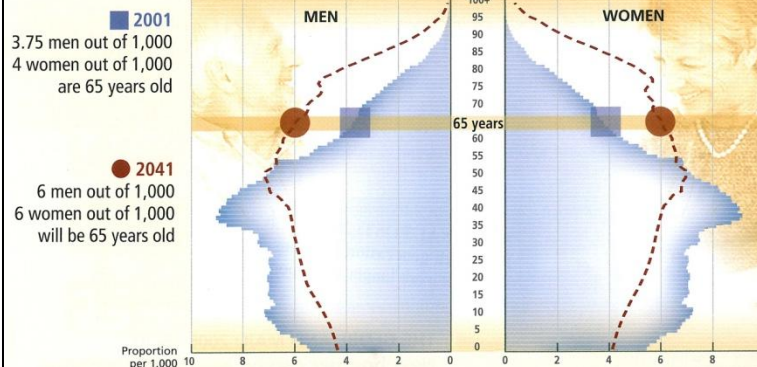
Source: Quebec Ministry of Finance, February 2005

Half of those aged 65 or older will require some form of long-term care\*

\*Source: New England Journal of Medicine

In less than 20 years, nearly one in five Canadians will be over the age of 65  
The economic strain on society is growing.

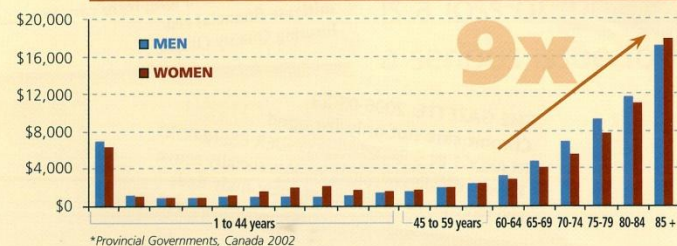
## Distribution of Canadians according to age



### POPULATION PYRAMID

The baby-boomer generation has effectively reversed the natural demographics of our population (inverted pyramid). With such a large (aging) segment of the population entering their "retirement years" over the next three decades, our healthcare system will increasingly be overwhelmed.

## Healthcare Costs per Person, Age Group and Gender\*



\*Provincial Governments, Canada 2002

The estimated cost of healthcare for one person between the age of 70 and 85 is \$10,950 a year.

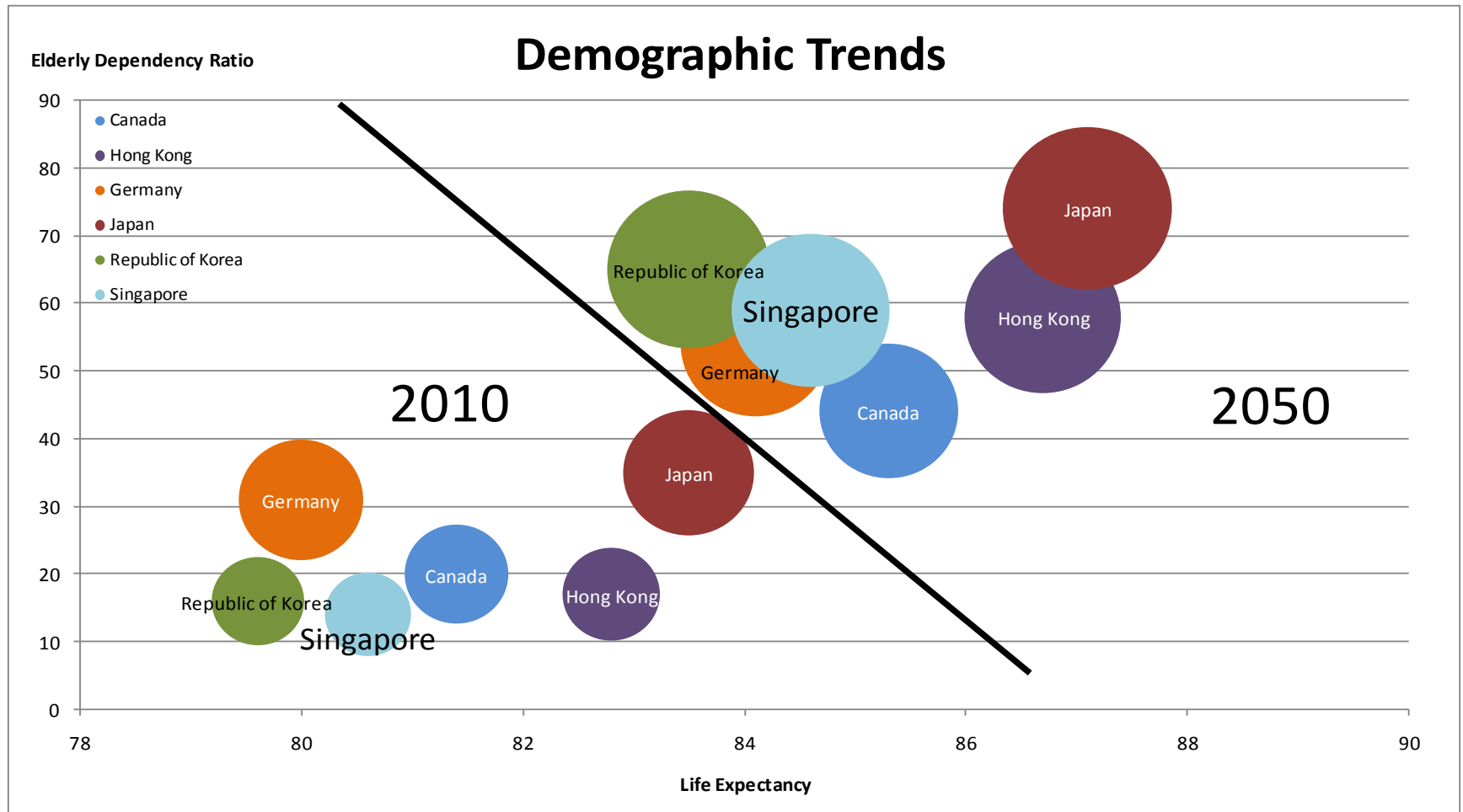
The healthcare costs for an 85 year old are nine times greater than for someone between the ages of 50 and 54.

Is there enough money to sustain this "boom"?

Sources: Statistics Canada. Demographic projections for Canada, the provinces and territories 2000 - 2026. CD-Rom Cat.#91-520-XPB, Ottawa, 2001, including the data of projection 2: average growth scenario. Canadian Institute for Health Information.



# Increasing need for LTC



Source: Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, World Population Prospects: The 2006 Revision and World Urbanization Prospects: The 2005 Revision

# Why are Living Benefit Products important?

Adds up to...

## + Living Longer

*More time to contract a critical illness / disability*

## + Over aged 80

*User of Long Term Care*

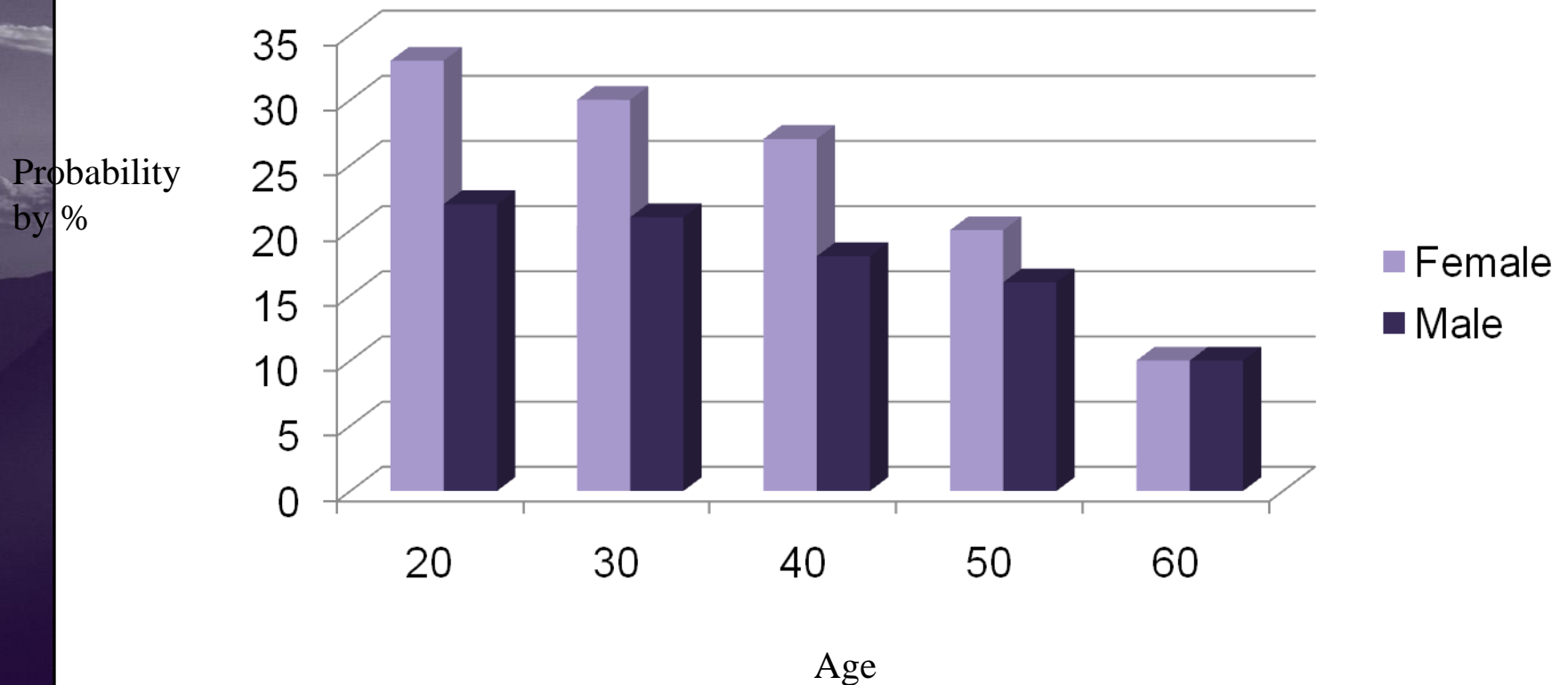
## + Increased Dependency Ratios

*Less tax payers to pay for government benefits or family support*

**= NEED FOR LIVING BENEFITS**

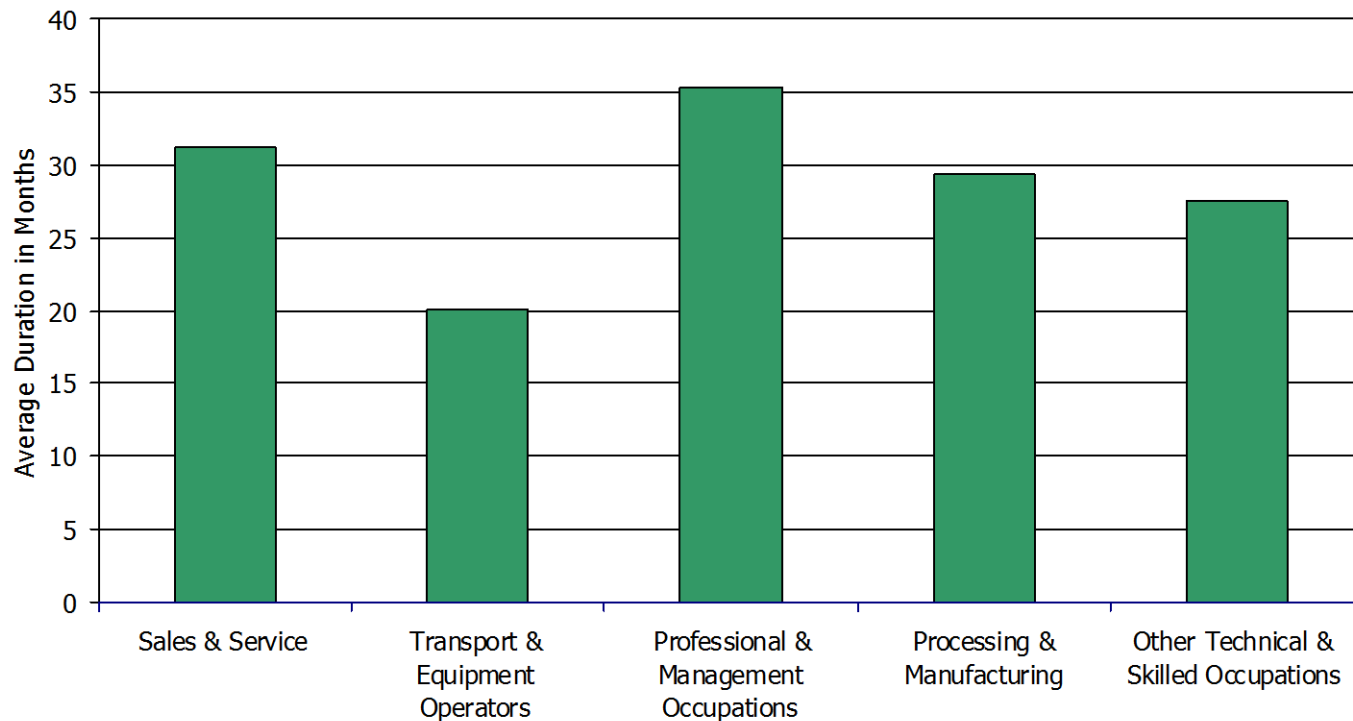
# Probability of Becoming Disabled

Probability of becoming disabled for at least 90 days



# Average Duration of Claims

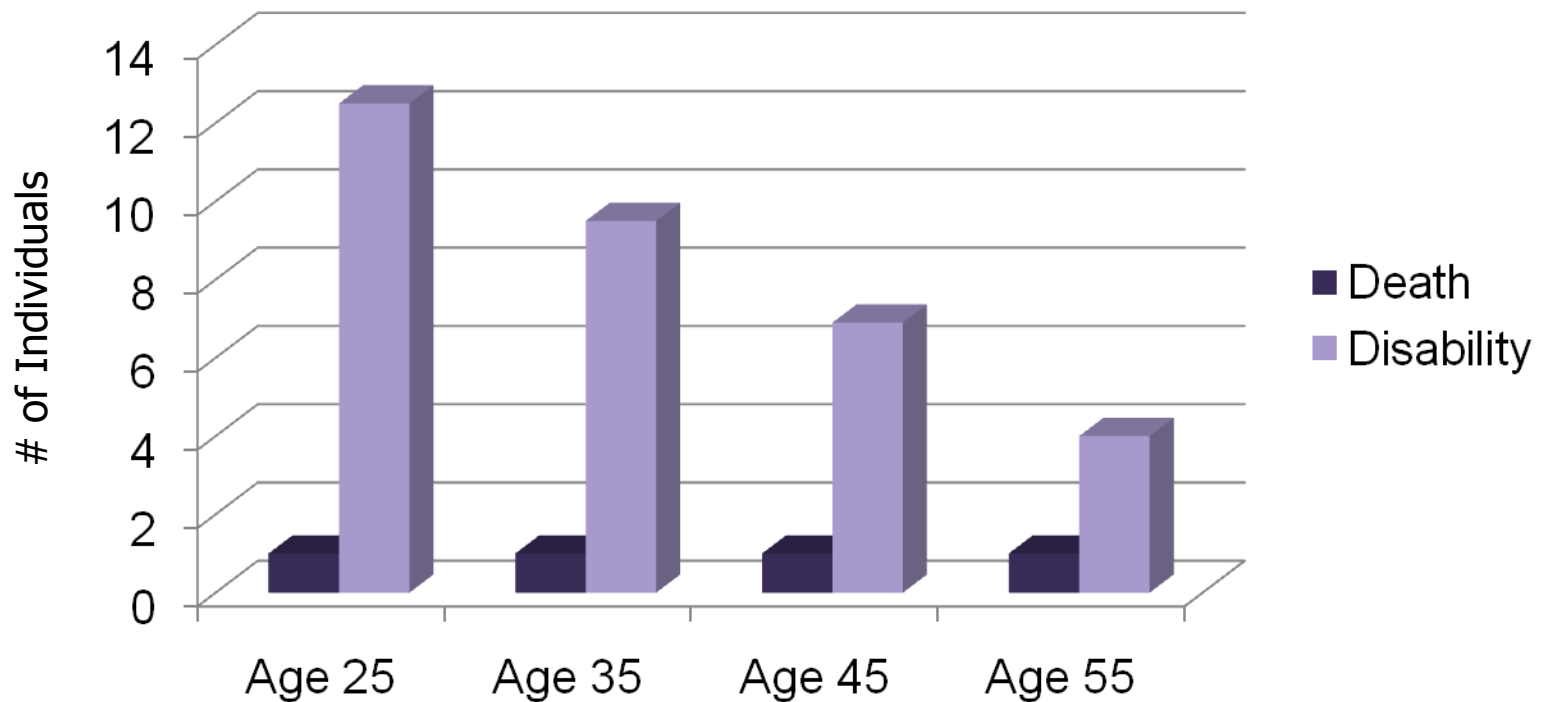
Severity - duration by occupation category



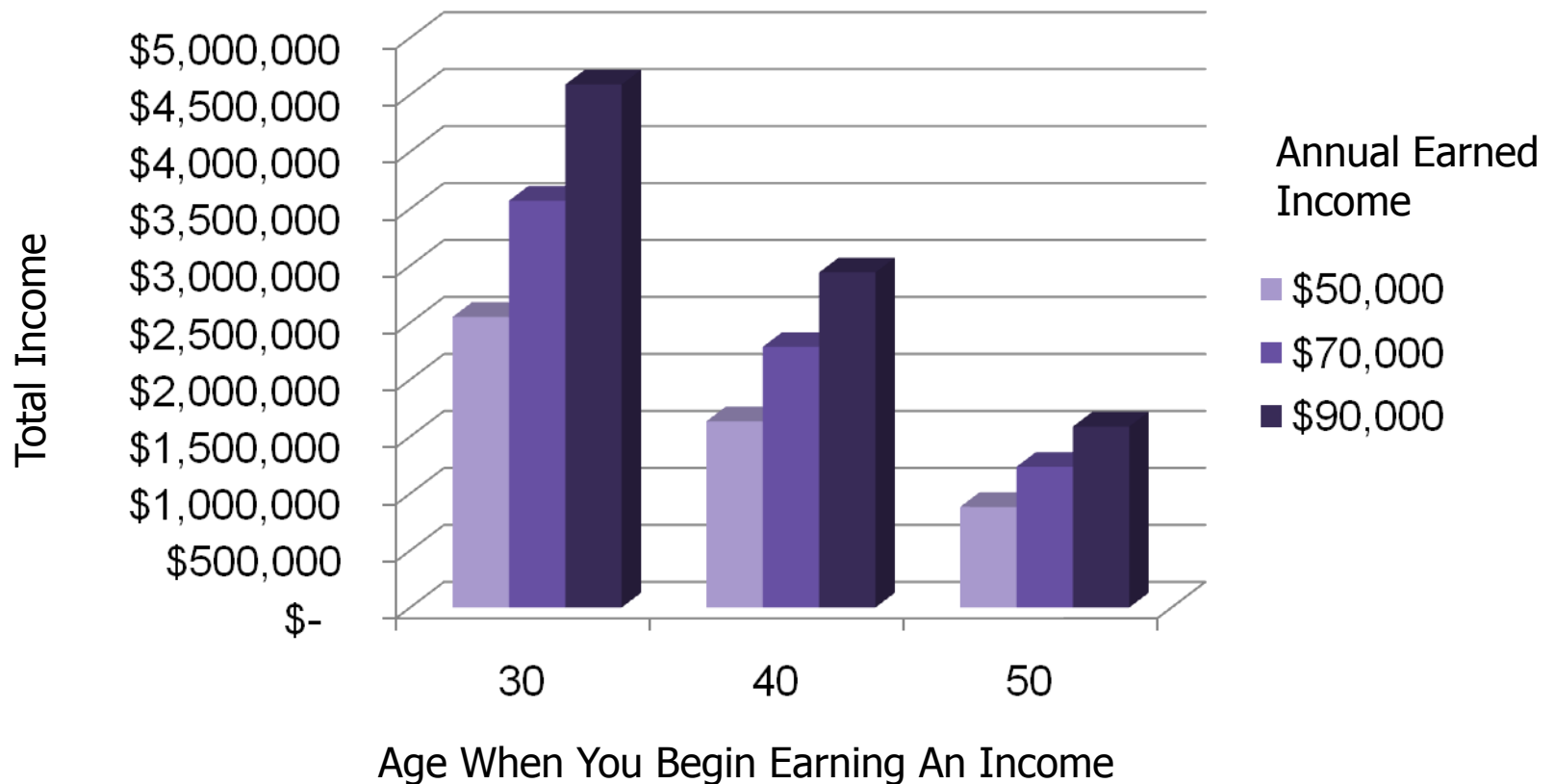
Source: Great West Life

# Odds of Disability over Death

In a year, what are the odds between death and a **disability that lasts at least 90 days?**



# What Are you Protecting?



# Disability Insurance Planning

- ❑ Based on a percentage of earnings
- ❑ Deferment or waiting period from 30 to 720 days
- ❑ Benefit period of 2, 5 yr or to age 65
- ❑ Total disability or total and partial disability
- ❑ Group/individual plans or a mixture
- ❑ Definition of disability either any occ, regular occ or own occ

# Disability Insurance Planning

- ❑ Contracts can be cancellable, guaranteed renewable or guaranteed
- ❑ May include cost of living
- ❑ May include options to increase coverage regardless of health as income rises...every one or two years



# Disability Insurance Planning

- ❑ More products are needed in Singapore
- ❑ Agents need to understand the reason for coverage and continue to stress this need to clients
- ❑ Look to others for support and guidance in setting contracts and premiums

Retirement

Income  
Earned

Assets  
Utilized

Chance of serious illness

Access to quality health care, wellness

Income Earning

Asset Utilization

30

40

50

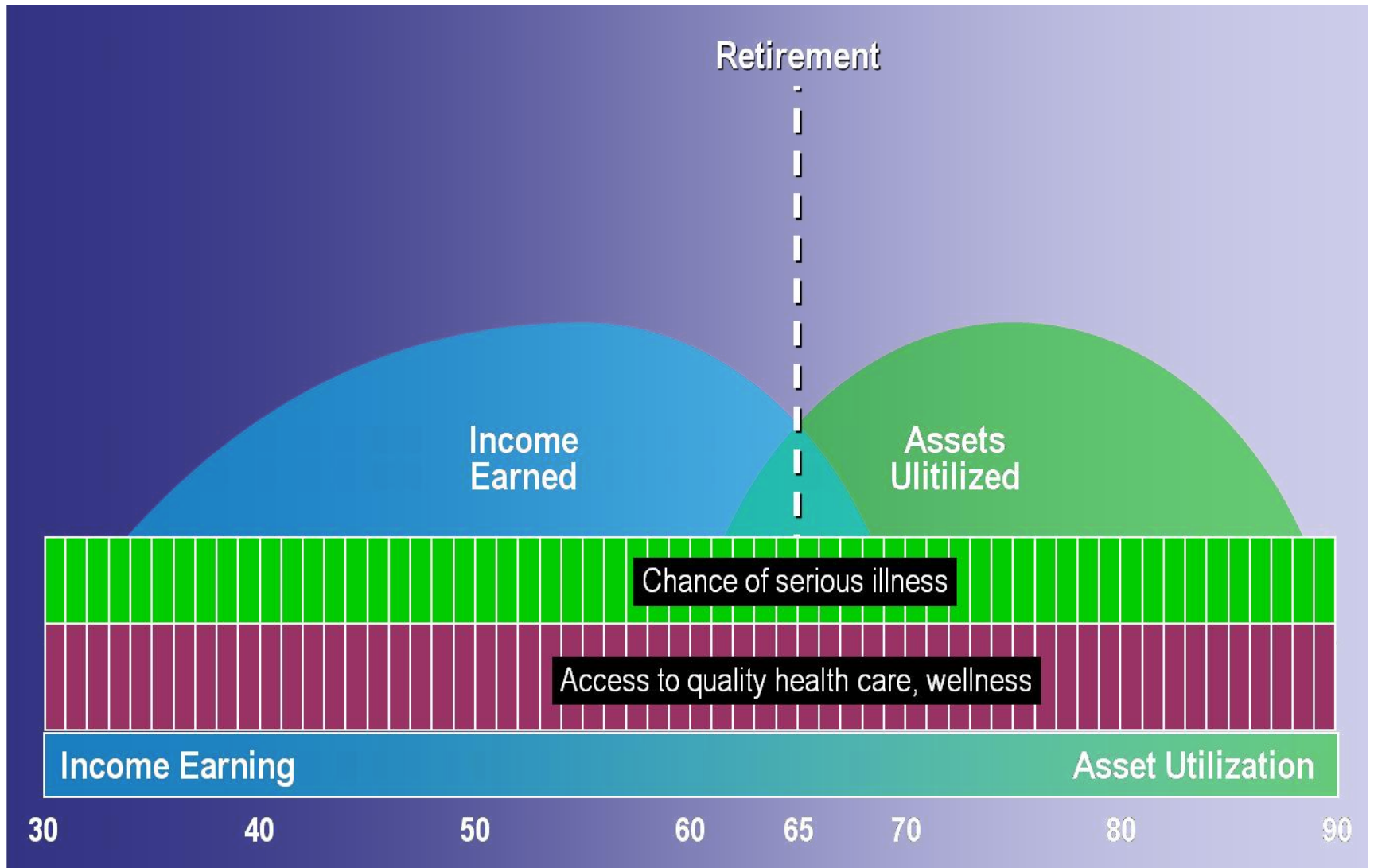
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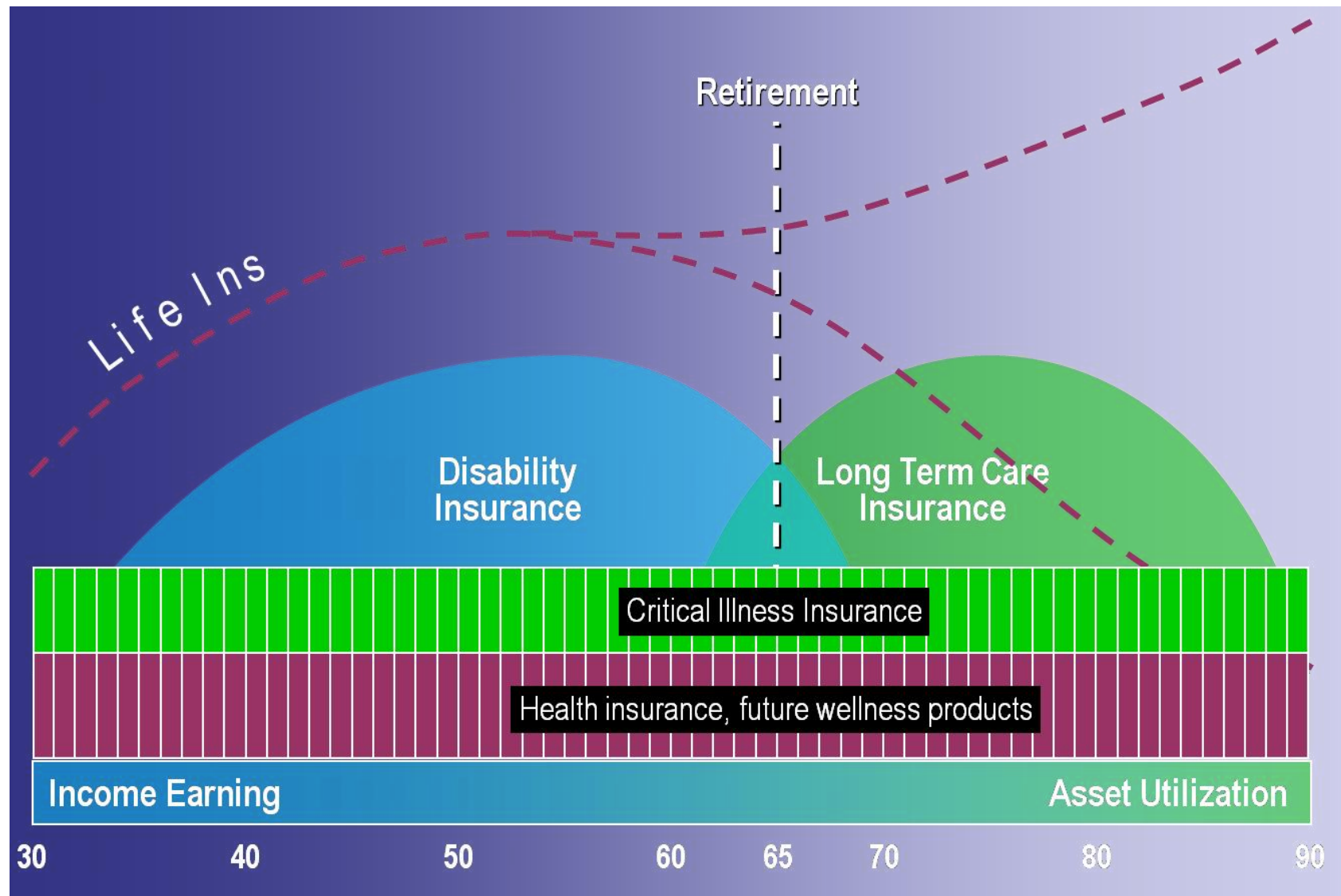
65

70

80

90





# Living Benefits Planning

- ❑ More important than ever before
- ❑ Includes disability, critical illness and long term care
- ❑ Together they represent

~The Living Benefits Continuum

# The Living Benefits Continuum

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