Policy Levers for Changing Retiree Well Being

Insurance Products

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Policy Levers for Changing Retiree Well Being

Insurance Products

Why Needed

- The “Old Days” -- Dying Too Soon
- Today -- Living Too Long
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What Can Insurance Products Be Used For

- To Help People Become Financially Secure
- Retirement Security
  - Saving
  - Spending
  - Living
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Life Expectancy

Source: National Center for Health Statistics
How Long Will You Live?

Male (age 65)  85  92
50% Chance of living to  25% Chance of living to

Female (age 65)  88  94
50% Chance of living to  25% Chance of living to

Couple (both age 65)  92  97
50% Chance of living to  25% Chance of living to

At least one person has a:
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An Insurance Product Solution

Pay-Out Annuity
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Pay-Out Annuity Issues

- Confusion
- Education
- Risk/Reward
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Pay-Out Annuities -- Policy Levers

- First, the Public Policy Discussion.

- Second, if a desirable Public Policy Option -- do more of it.

- Third, in order to do more:
  - Educate
  - Make it Easier
  - Incent
<table>
<thead>
<tr>
<th>What Is It?</th>
<th>:</th>
<th>Care vs. Cure</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Risk Group</td>
<td>:</td>
<td>One Out of Every Two of Us</td>
</tr>
<tr>
<td>Who Pays?</td>
<td>:</td>
<td>You and/or Medicaid</td>
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</tbody>
</table>
# Policy Levers for Changing Retiree Well Being

<table>
<thead>
<tr>
<th>Expected Years in Retirement</th>
<th>15 Years</th>
<th>20 Years</th>
<th>25 Years</th>
<th>30 Years</th>
<th>35 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>M-Age 65</td>
<td>72%</td>
<td>56%</td>
<td>39%</td>
<td>22%</td>
<td>10%</td>
</tr>
<tr>
<td>F-Age 65</td>
<td>82%</td>
<td>69%</td>
<td>52%</td>
<td>32%</td>
<td>15%</td>
</tr>
</tbody>
</table>
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Long Term Care -- Issues

- Recognition that it is a Significant Societal Problem
- Public Policy Tradeoff and Choices Dilemma
- Public Sector vs. Private Sector Solutions
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Long Term Care Insurance

- It is a an Insurable Risk
- The “Magic” of a Risk Pool and the “Miracle” of Compound Interest
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Long Term Care Insurance -- Policy Issues

- Education

- Promote
  - Tax Incentives
  - Medicaid/Spend Down Rules
  - Better Public Sector/Private Sector Partnership
  - Regulatory Barriers