

Policy Levers for Changing Retiree Well Being

Insurance Products

Nicholas D. Latrenta
MetLife

Policy Levers for Changing Retiree Well Being

Insurance Products

Why Needed

- ◆ The “Old Days” -- Dying Too Soon
- ◆ Today -- Living Too Long

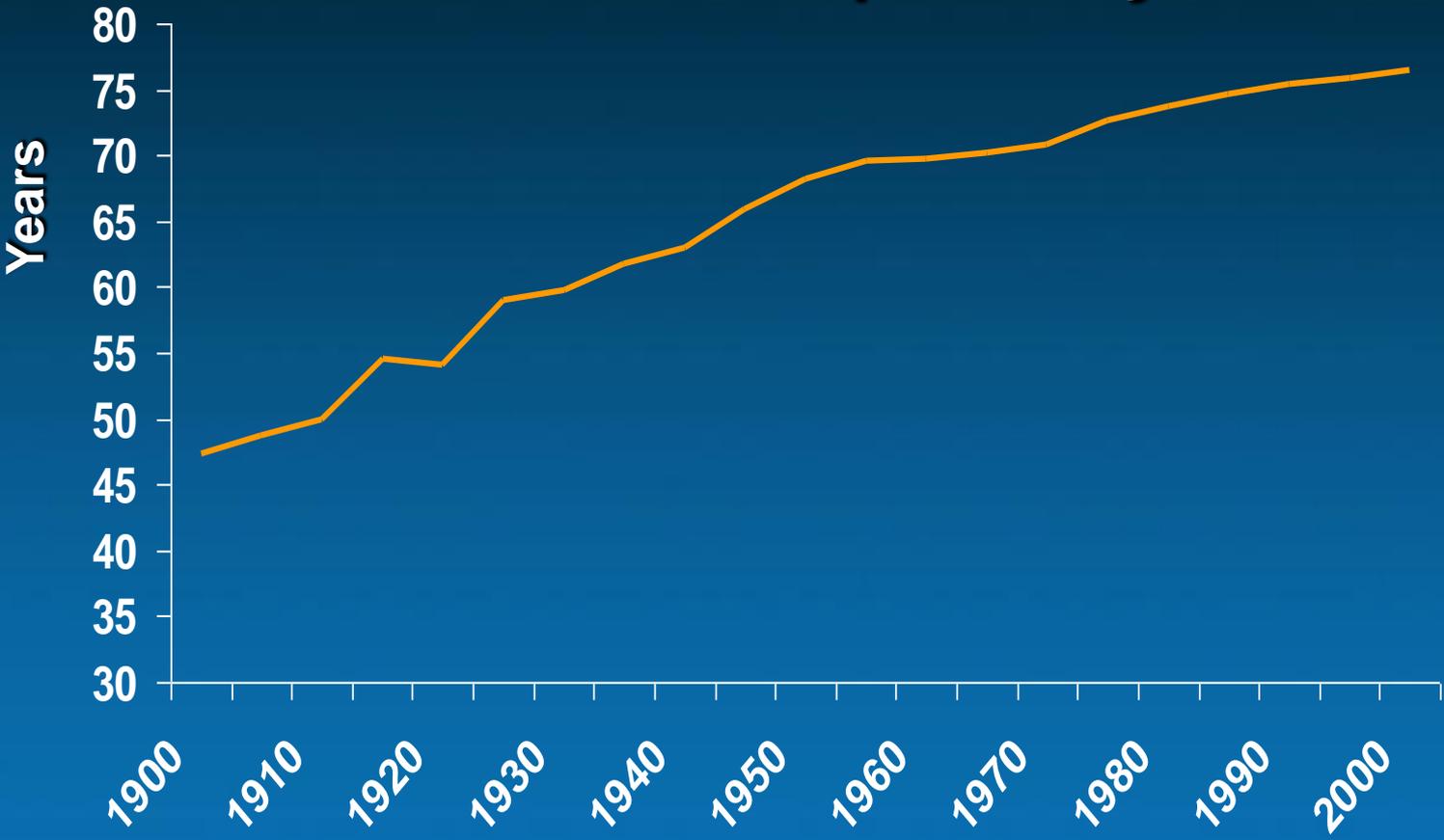
Policy Levers for Changing Retiree Well Being

What Can Insurance Products Be Used For

- ◆ To Help People Become Financially Secure
- ◆ Retirement Security
 - ▶ Saving
 - ▶ Spending
 - ▶ Living

Policy Levers for Changing Retiree Well Being

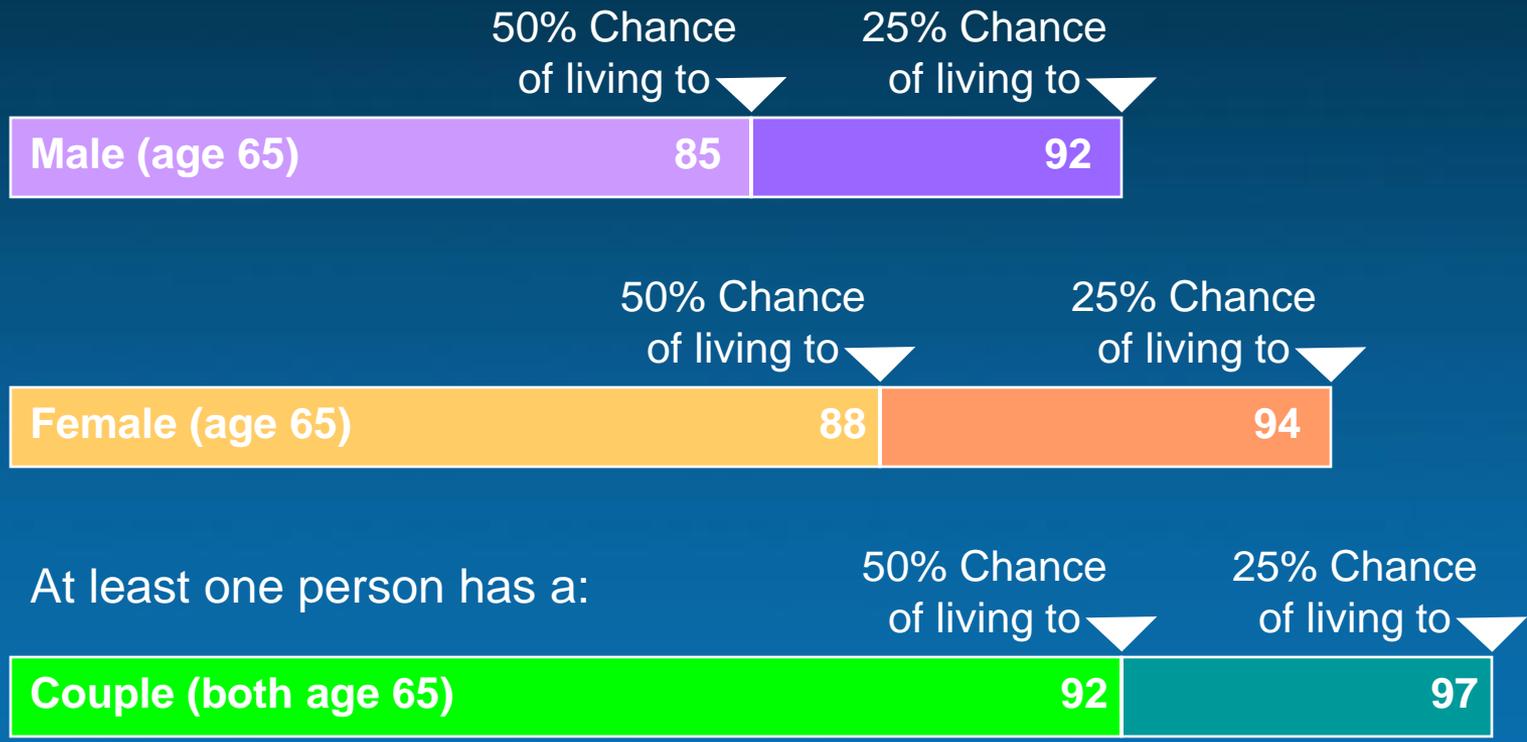
Life Expectancy



Source: National Center for Health Statistics

Policy Levers for Changing Retiree Well Being

How Long Will You Live?



Policy Levers for Changing Retiree Well Being

An Insurance Product Solution

Pay-Out Annuity

Policy Levers for Changing Retiree Well Being

Pay-Out Annuity Issues

- ◆ **Confusion**
- ◆ **Education**
- ◆ **Risk/Reward**

Policy Levers for Changing Retiree Well Being

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**

Policy Levers for Changing Retiree Well Being

Long Term Care

What Is It? : Care vs. Cure

What Is the Risk? : Financial and Emotional

The Risk Group : One Out of Every Two of Us

Who Pays? : You and/or Medicaid

Policy Levers for Changing Retiree Well Being

Expected Years in Retirement

	<u>15 Years</u>	<u>20 Years</u>	<u>25 Years</u>	<u>30 Years</u>	<u>35 Years</u>
M-Age 65	72%	56%	39%	22%	10%
F-Age 65	82%	69%	52%	32%	15%

Policy Levers for Changing Retiree Well Being

Long Term Care -- Issues

- ◆ **Recognition that it is a Significant Societal Problem**
- ◆ **Public Policy Tradeoff and Choices Dilemma**
- ◆ **Public Sector vs. Private Sector Solutions**

Policy Levers for Changing Retiree Well Being

Long Term Care Insurance

- ◆ It is a an Insurable Risk
- ◆ The “Magic” of a Risk Pool and the “Miracle” of Compound Interest

Policy Levers for Changing Retiree Well Being

Long Term Care Insurance -- Policy Issues

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