



SENIOR LIVING FOUNDATION
OF THE AMERICAN FOREIGN SERVICE

PLANNING FOR CHANGE 2022 SEMINAR

DIFFICULT CONVERSATIONS: FAMILY DECISIONS ON FINANCES AND PLANNING

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Presented By:



Government Employees' Benefit Association

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GEBA OVERVIEW & HISTORY

- A nonprofit membership association, GEBA was started in 1957 by NSA employees to provide supplemental benefits not offered by the government.
- GEBA offers a wide variety of insurance and financial services to federal employees, retirees, military, and sponsored family members.
- We offer cost-effective and customized solutions to help our members and their families secure their financial future.
- We serve nearly 17,000 members and continue to grow.
- We are governed by a volunteer Board of members – a.k.a. federal employees – who serve an oversight and stewardship role on behalf of members

HOW CAN GEBA HELP YOU?

- Competitive group pricing
- Providers that receive the highest financial ratings, like Professional Liability Insurance
- Unique products created for federal employees
- Staff experts – consultations free of charge with no obligation
 - Licensed Investment Advisors
 - Chartered Federal Employee Benefits Consultant designation (ChFEBC)
 - Licensed Insurance Consultants
 - Long-Term Care Insurance experts
- Members can sponsor family members for many of GEBA's affordable products

INSURANCE AND FINANCIAL REVIEW

GEBA offers plans and programs to help you insure, plan, and invest.

Insurance

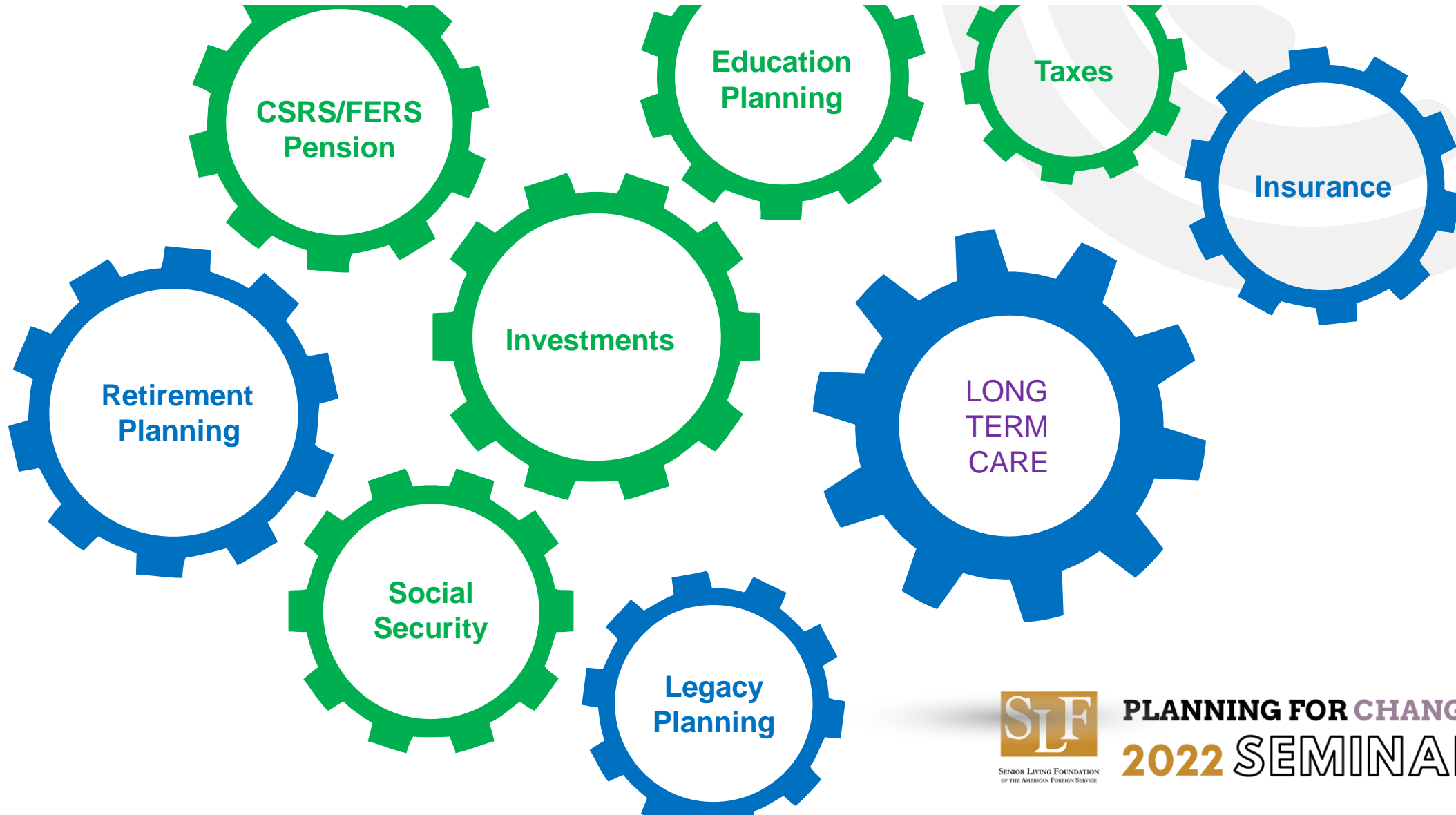
- Dental
- Vision
- Emergency Travel
- Pet Insurance
- Auto/Home Insurance
- Group Long Term Disability*
- Group Term Life Insurance*
- Individual Life Insurance
- Long Term Care
- Professional Liability*

GEBA Wealth Management

- Investment Planning
- Financial Planning
- Retirement Planning
- Legacy Planning
- Asset Allocations
- Individual Investments
- Tax-Advantaged Investing
- Pension Maximization
- Social Security Analysis
- College Savings/Planning

* These insurance products are not available to Sponsored Family Members.

YOUR INTERCONNECTED FINANCIAL PLAN



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WEBINAR AGENDA

- Mitigation of risk during your working years
 - Self
 - Spouse
- Preparation for Retirement: Are your loved ones prepared to responsibly retire
 - Self
 - Spouse
 - Children
- Mitigation of risk in retirement
 - Self
 - Spouse



Risk During Your Working Years

- Is there anyone who relies on your earnings?
 - Disability
 - Death
- What is your plan to protect them financially?
- If your answer is “friends or family”. Do they know that?
- You should consider taking steps to protect your loved ones.
 - Physically
 - Financially

Physically

How do you plan for the care of yourself and your dependents after a life altering event?

- Controlling the care of your dependents
 - Trust
 - Appointed guardian
- Communicating your wishes for your self, dependents
 - Medical Directive
- Funding Care and Education of dependents
 - Trust
 - Appointed guardian
- Funding the care for yourself



FINANCIALLY

How do you support your loved ones Financially? Or how will they support you?

- Self Insurance: Do you have the means to support them financially until they are financially independent?
- Insurance



Disability Insurance

- Over 60% of Americans say they are unable to handle a \$500 car repair or a \$1,000 emergency room bill.
- The average worker faces a 3-in-10 chance of suffering a job loss lasting 90 days or more due to a disability.
- The Social Security Administration estimates that 1 in 4 20-year-olds will suffer a disability before they retire.
- 7 in 10 Americans understand the importance of disability insurance, yet only one-third have coverage.
- As of January 1, 2017, approximately 1.3 million working-age Americans have experienced a disabling injury or illness.

DISABILITY an underestimated issue.



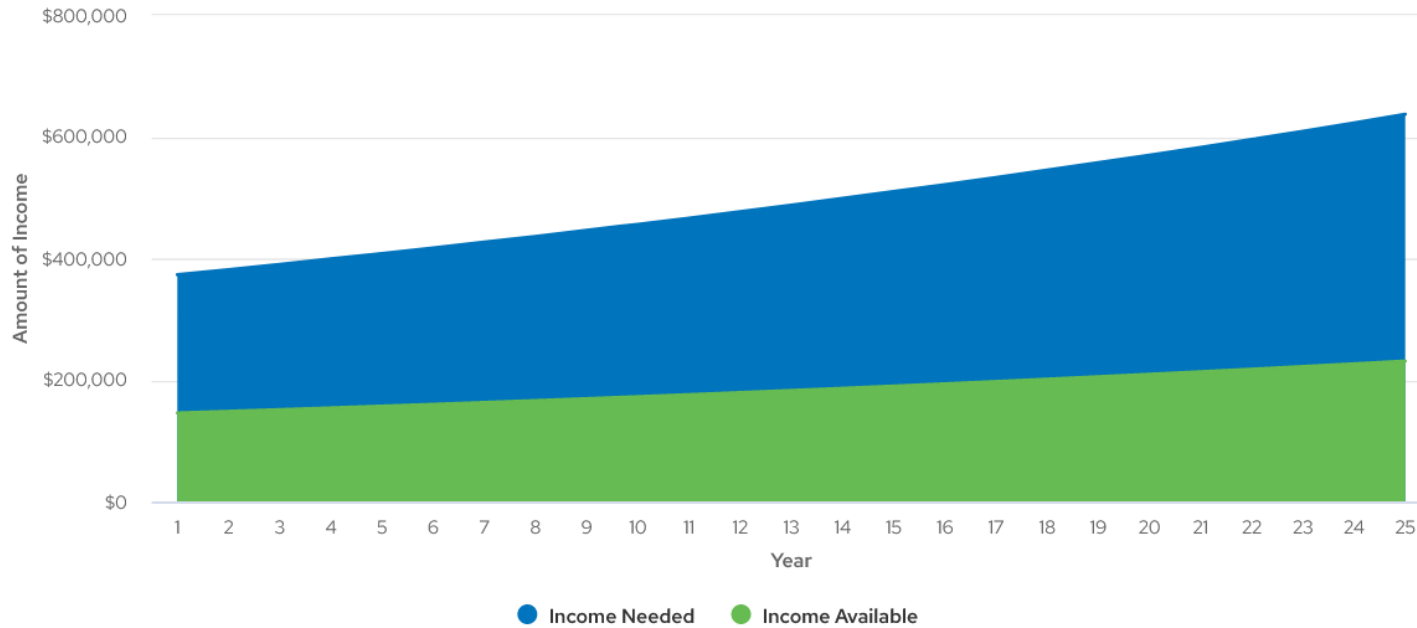
The Social Security Administration estimates that **1 IN 4 20 YEAR-OLDS** in the workforce today will suffer a disability before they retire.

LIMRA, Facts from LIMRA 2016 disability insurance awareness month, 2016

What would happen if you were disabled and unable to work for an extended period of time? This graph and chart show if you would have enough money to live on.

If Greg is Disabled

[↔ Change to Jennifer](#)



Length of Disability	Income Needed	Employment Income	Other Income	Social Security Benefit	Group* Insurance	Personal* Insurance	Surplus or (Shortfall)
1 year	\$373,500	\$121,000	\$25,000	\$0	\$0	\$0	(\$227,500)
2 year	\$381,904	\$123,722	\$25,000	\$0	\$0	\$0	(\$233,181)
5 year	\$408,267	\$132,263	\$25,000	\$0	\$0	\$0	(\$251,004)
10 year	\$456,310	\$147,827	\$25,000	\$0	\$0	\$0	(\$283,483)
25 year	\$637,104	\$206,398	\$25,000	\$0	\$0	\$0	(\$405,706)



PAYING ATTENTION TO LIFE INSURANCE IS IMPORTANT

1 in 3 people

say they do not have enough life insurance¹



1/2

Half of the population estimates the cost of life insurance at more than three times the actual cost.



40%

of insured people wish they had purchased their policies at a younger age¹



If the primary wage earner passes away, **44% of consumers** surveyed reported that they would feel a **financial impact within six months** and 28% within one month.¹

Top 3 reasons people buy life insurance:²



<https://www.protective.com/learn/infographic-five-facts-about-life-insurance>

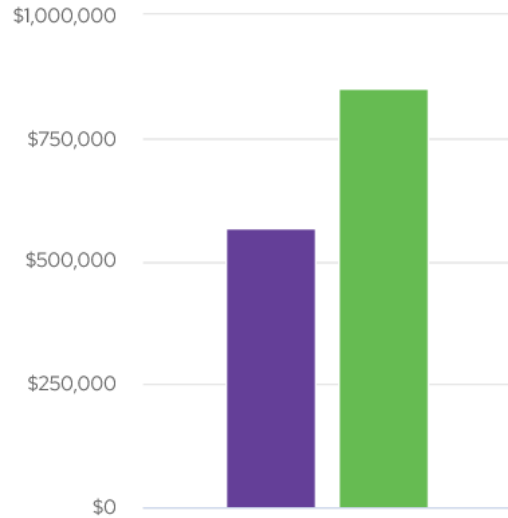


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Life Insurance Needs Analysis ²

This analysis shows how much Life Insurance you need to fulfill your Financial Goals based upon the information in the scenario selected.

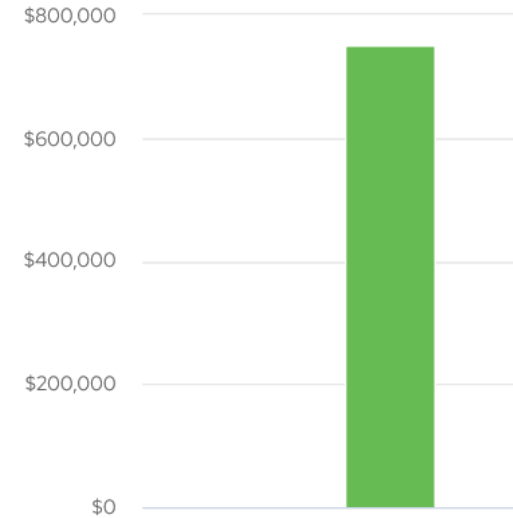
If Greg Dies. Living Expenses covered until Jennifer is 94



Details ▾

Life Insurance Needed	\$567,954
Existing Life Insurance	\$850,000
Additional Needed	\$0

If Jennifer Dies. Living Expenses covered until Greg is 92



Details ▾

Life Insurance Needed	\$0
Existing Life Insurance	\$750,000
Additional Needed	\$0

Get Quotes

Use the Refine Needs Analysis section below to improve the accuracy of this Plan. Changes made here will not affect your Financial Goal Plan.

HOW DO WE APPROACH THESE TOPICS WITH OUR LOVED ONES?

- Care
- Equipped
- Direct



PREPARATION FOR RETIREMENT

A properly planned retirement allows you to:

- Control how you spend your retirement
- Set aside money for what is important to you
- Protect you from running out of money as you age
- Develop a budget to pay for future expenses and care

CONCERNS OF AN IMPROPERLY PREPARED RETIREMENT

- Assets will become exhausted in retirement
- You will lose control of your retirement
- You will become a financial responsibility of a loved one. *“If your parents do not have a retirement plan. Look in the mirror. If you ARE the plan”*

PROCESS FOR COMPLETING A RETIREMENT PLAN



Initial plan should be done 5 years before retirement in most cases

This plan will consider your pension, investments, insurance and any other assets you have.

This plan should be based on your retirement goals and allow you to develop realistic expectations

This plan will contain benchmarks to ensure your retirement is on track

This plan will continue to change as time goes by.

**DO YOUR ASSETS LINE
UP WITH YOUR GOALS?
WILL YOU BE ABLE TO
SUPPORT YOURSELF?**



Basic Living Expense

Retirement Age

Greg 65

Jennifer 42

Planning Age

Greg 92

Jennifer 94

One Retired

Greg Retired and Jennifer Employed \$ 0

Jennifer Retired and Greg Employed \$ 0

Both Retired

Both Retired \$ 150,000

One Alone - Retired

Jennifer Alone Retired \$ 100,000

65
42
92
94
\$ 0
\$ 0
\$ 196,000
\$ 100,000

Goals	Estimated % of Goals Funded			
	Current Scenario		What If Scenario 1	
	Average Return	Bad Timing	Average Return	Bad Timing
Need	100%	100%	100%	100%
10 1				
10 2				
10 Basic Living Expense				
Safety Margin (Value at End of Plan)				
Current Dollars	\$5,516,581	\$6,722,472	\$4,079,203	\$5,304,322
Future Dollars	\$17,545,367	\$21,380,677	\$12,973,818	\$16,870,283
Monte Carlo Results	Likelihood of Funding All Goals			
<p>■ Your Confidence Zone</p> <p>70% - 90% Edit</p>	<p>97% Probability of Success Above Confidence Zone</p>		<p>83% Probability of Success In Confidence Zone</p>	

**Is your portfolio
invested efficiently?**



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Portfolio Comparison Report

Allocation

Benchmark: DJ Moderate TR USD (USD)

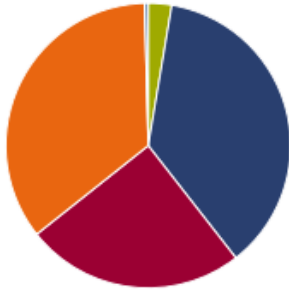
Approximately of TSP

Recommendation

Benchmark: DJ Moderate TR USD (USD)

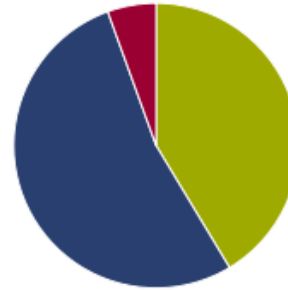
The following pages take a detailed look at the differences in the stock and bond exposures between investments in the selected portfolios. This report uses the benchmark shown as a point of comparison between the portfolios in the Stock Sector Analysis, Regional Exposure, Historical Returns and Portfolio Statistics sections.

Asset Mix Comparison



Asset Allocation	Portfolio Net %	Bmark Net %
Cash	2.65	1.40
US Stocks	36.80	27.56
Non-US Stocks	24.86	21.05
Bonds	35.27	17.70
Other/Not Clsfd	0.41	32.30

Asset Mix Comparison



Asset Allocation	Portfolio Net %	Bmark Net %
Cash	41.38	1.40
US Stocks	53.10	27.56
Non-US Stocks	5.52	21.05
Bonds	0.00	17.70
Other/Not Clsfd	0.00	32.30

The Asset Mix graph and table show how assets in each portfolio are allocated among asset classes.

Morningstar® Style Box™ Analysis

Equity Style

19	30	26	Large Mid Small
5	9	5	
2	3	1	
Value	Blend	Growth	

0-10 10-25 25-50 >50

Fixed-Income Style

0	0	0	High Med Low
0	100	0	
0	0	0	
Ltd	Mod	Ext	

0-10 10-25 25-50 >50

Morningstar® Style Box™ Analysis

Equity Style

28	33	22	Large Mid Small
6	7	0	
1	2	1	
Value	Blend	Growth	

0-10 10-25 25-50 >50

Fixed-Income Style

			High Med Low
Ltd	Mod	Ext	

0-10 10-25 25-50 >50

Investing overseas can provide valuable diversification. The Regional Exposure table helps you review the general location of the geographical distribution of stocks in each portfolio.

Trailing Returns* 07-31-2022

	3 Mo %	1 Yr %	3 Yr %	5 Yr %	10 Yr %
Portfolio Return-Gross	-0.50	-9.94	6.00	6.23	8.15
Portfolio Return-Net	-0.50	-9.94	6.00	6.23	8.15
Benchmark Return	-0.81	-10.31	4.61	5.17	6.60
+/- Benchmark Return-Net	0.31	0.37	1.39	1.06	1.55

Trailing Returns* 07-31-2022

	3 Mo %	1 Yr %	3 Yr %	5 Yr %	10 Yr %
Portfolio Return-Gross	0.65	-0.23	8.59	8.18	7.28
Portfolio Return-Net	0.56	-0.59	8.20	7.79	7.01
Benchmark Return	-0.81	-10.31	4.61	5.17	6.60
+/- Benchmark Return-Net	1.37	9.72	3.59	2.62	0.41

The Trailing Returns table shows the trailing returns of the portfolios over the periods shown. For comparison purposes, the return relative to the benchmark is shown as well.

Risk and Return Statistics*

	3 Yr		5 Yr		10 Yr	
	Portfolio	Bmark	Portfolio	Bmark	Portfolio	Bmark
Standard Deviation	13.15	12.60	11.71	11.03	9.74	8.91
Mean	6.00	4.61	6.23	5.17	8.15	6.60
Sharpe Ratio	0.48	0.38	0.49	0.42	0.81	0.71

Risk and Return Statistics*

	3 Yr		5 Yr		10 Yr	
	Portfolio	Bmark	Portfolio	Bmark	Portfolio	Bmark
Standard Deviation	10.38	12.60	9.11	11.03	6.87	8.91
Mean	8.20	4.61	7.79	5.17	7.01	6.60
Sharpe Ratio	0.78	0.38	0.77	0.42	0.95	0.71

The Risk and Return Statistics table shows the pre-tax return, standard deviation, and Sharpe ratio of each portfolio.

Modern Portfolio Theory Statistics*

	3 Yr	5 Yr	10 Yr
	Portfolio	Portfolio	Portfolio
Alpha	1.21	0.83	1.03
Beta	1.04	1.06	1.08
R-Squared	99.09	98.96	97.97

Modern Portfolio Theory Statistics*

	3 Yr	5 Yr	10 Yr
	Portfolio	Portfolio	Portfolio
Alpha	4.14	3.27	2.19
Beta	0.79	0.78	0.68
R-Squared	91.12	89.38	77.79

The MPT Statistics table shows investment statistics for each portfolio.

Portfolio-Level Performance Disclosure

**MITIGATION OF RISK IN
RETIREMENT: MAKING
SURE THAT YOUR RISK
BASED SPENDING DOES
NOT EXHAUST YOUR
SAVINGS AND PENSIONS IN
RETIREMENT.**



YOUR RETIREMENT PLAN IS NOT COMPLETE UNTIL YOU HAVE A PLAN FOR YOUR LONG TERM CARE RISK

- High Probability: 50-70% of people age 65 will need Long Term Care
- High Duration: The amount on claim is lengthy
 - Males: 2.5 years*
 - Females: 4 years*
- High Expense**: In Washington DC the average cost of a semi-private long term care facility is more than \$137,604/year.

How do we mitigate this risk?

*Average length of claim when the claims last at least one year.

**Genworth 2021 Study

NATIONAL AVERAGE COST OF CARE

Category	2020 Cost (National Average)	Average Annual Increase
Private Room Nursing Home	\$105,850	3.10%
Assisted Living Facility	\$51,600	3.8%
Home Care Home Health Aide	\$54,912	1.88%

Category	2020 Cost (Texas)	2020 (Hawaii)
Private Room Nursing Home	\$85,104	\$169,359
Assisted Living Facility	\$47,976	\$64,500
Home Care Home Health Aide	\$54,912	\$68,640

Genworth 2021



How Much Can Long Term Care Cost?

	Male*	Female*
Total Claims Paid	\$2,276,000	\$2,636,000
Years of Premium Paid Before Claim Began	14 years 2 months	15 years 4 months

*Largest Claims Still Being Paid as of 12/31/2018

Source: [www. AALTCI.org/LTCFacts](http://www.AALTCI.org/LTCFacts)



HOW MUCH DO YOU NEED TO SET ASIDE FOR THE AVERAGE COST OF LONG TERM CARE – WASHINGTON DC METRO?

Current Age	55	Total Cost of Care at Target Age	(\$1,336,004)
Target Age	85	Single Investment Payment	\$309,121
Current Cost of Care	137,604	Annual Investment Payment	\$20,109
Number of Years of Care	4	Monthly Investment Payment	\$1,605.28
Assumed Increase in Cost of Care	3%	Rate of Return on Investment	5%

Note:

The total cost of care at the target age is shown in red. Single, Annual, and Monthly Investment payments are also shown.

The Annual or Monthly Investment Payment would have to be made through the target age to achieve an amount equivalent to the cost of care for the number of years indicated.



**MARYLAND
PLAN NOW Starter Kit
WHAT'S YOUR FAMILY'S PLAN?**

Learn your options

Take the time, it's important!

Create a plan for you and your family

Put the "pieces" in place

Look to Public/Private Resources for Assistance

Action is key

Now is the time!

Every Piece Of Information Helps!



**A failure to plan
is a plan to fail**

<https://www.baygroupinsurance.com/resources>



WHEN TO APPLY FOR TRADITIONAL LTCI?

- Traditional long term care insurance applicants must meet health requirements.
- As your age increases and your health declines it can become harder to obtain traditional long term care insurance.

Uninsurable rate (%)

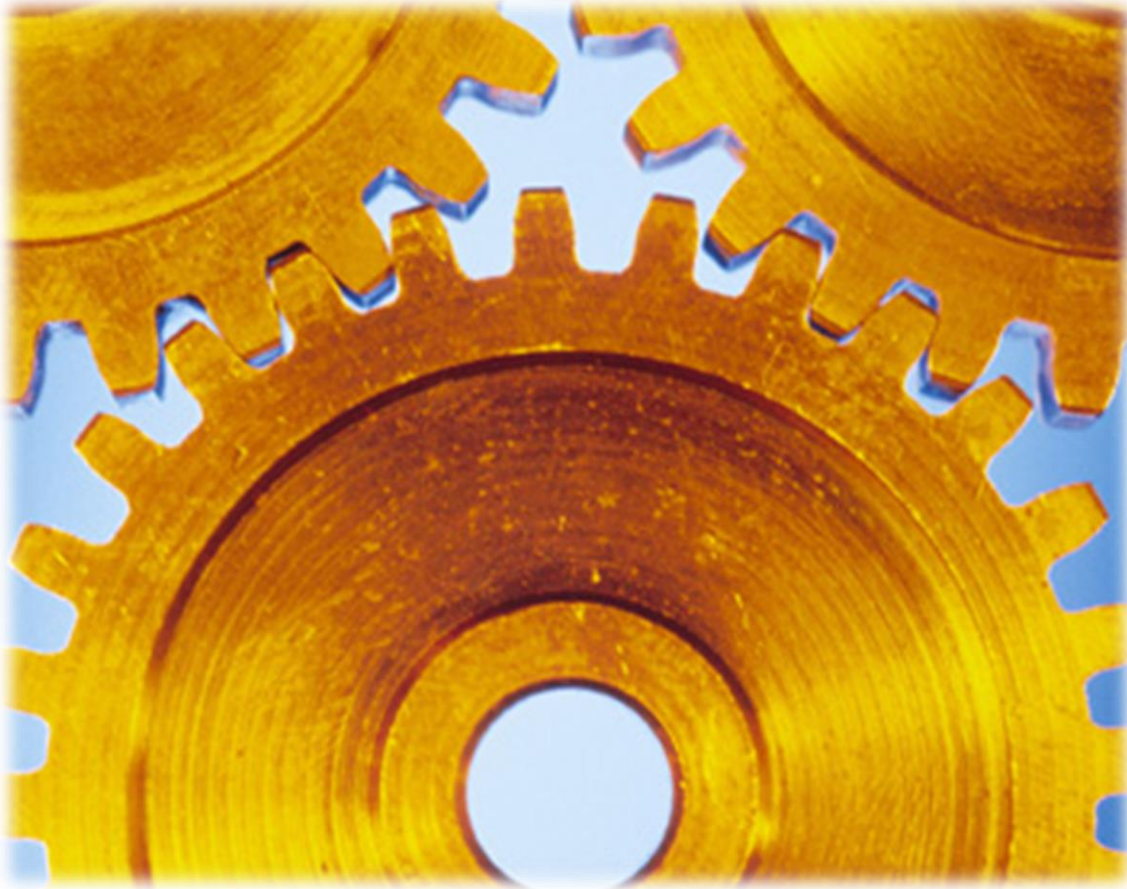
Below 50	16%
Ages 50-59	21%
Ages 60-64	24%
Ages 65-69	32.5%
Ages 70-74	44%

Source: American Association for Long Term Care Insurance (www.aaltci.org), based on study of data from leading insurers, December 2019.



THE MOVING PARTS OF A LTC POLICY

THE 5 KEY ELEMENTS THAT AFFECT THE COST



- Daily or monthly benefit amount
- Benefit period
- Elimination or waiting period
- Inflation method
- Shared Care

ANNUAL COST OF INSURANCE – SINGLES – MD & VA (1/10/2022)

- \$200 daily benefit
- 3% compound inflation
- 90 days elimination period
- Best health rate

Age Benefit Pd. >	Male 3 years	Male 4 years	Female 3 years	Female 4 years
55	\$1,890 *	\$2,180	\$3,846	\$4,539

* At age 80, only 170 days of care at the full daily benefit amount, premiums will be recovered.

**Quotes for additional ages are available in the appendix



ANNUAL COST OF INSURANCE PER COUPLE W PARTNER DISCOUNTS – (MD, VA 1/10/2022)

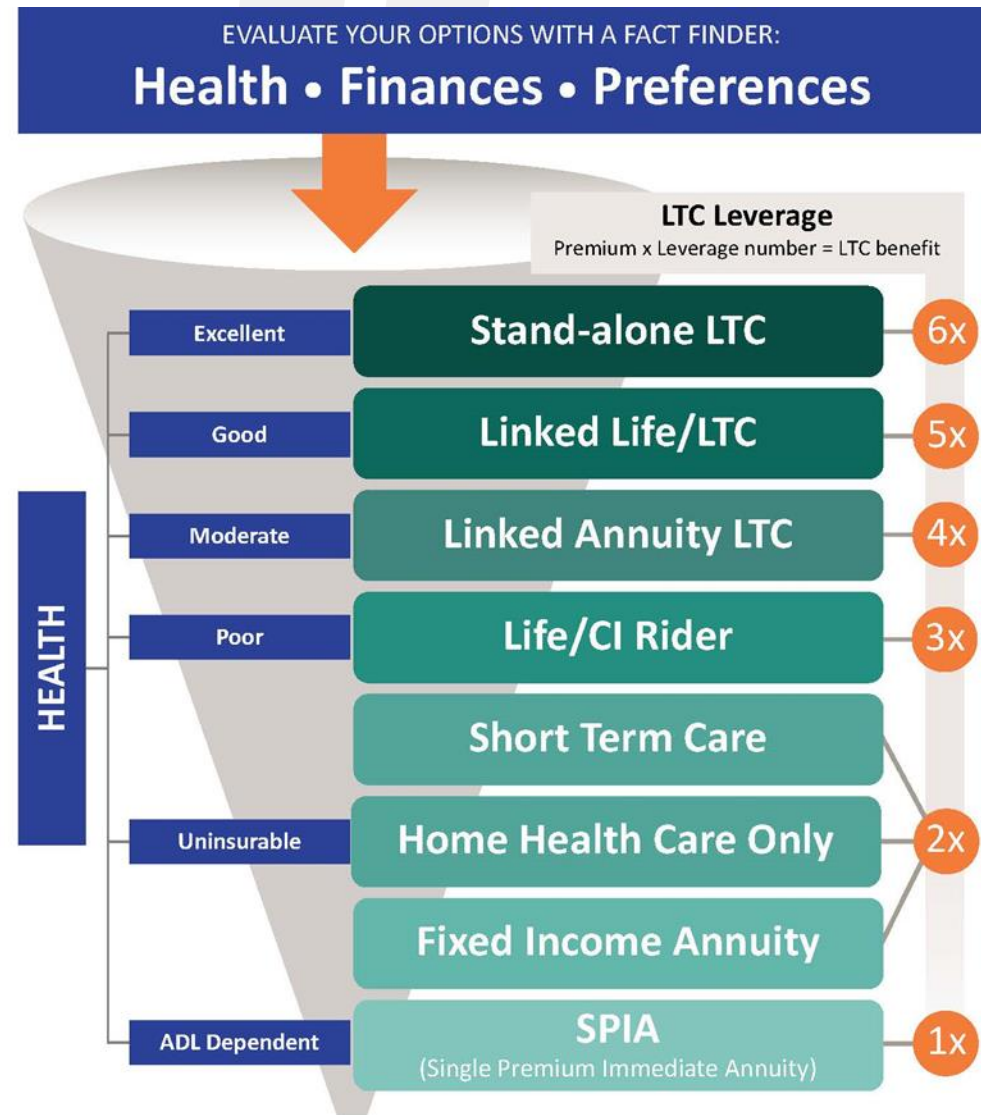
\$200 daily benefit, 3% compound inflation, 90 days elimination period, est health rate

Age Benefit Pd.>	Indiv. Policies 3 years	Indiv. Policies 4 years	Shared Plan 3 years	Shared Plan 4 years
55	\$2,900	\$4,539	\$3,846	\$3,510

* At age 80, only 260 days of care together for both spouses at the full daily benefit amount, premiums will be recovered

**Quotes for additional ages are available in the appendix

Long Term Care Planning Funnel... *Finding the Perfect Solution*



UNDERSTANDING YOUR BENEFITS...

- As a civilian federal employee, you have access to excellent benefits. Can you complement your current benefits with other benefits to better fulfill your needs?

GEBA can help.



GEBA IS HERE TO HELP

GEBA experts offers unbiased, salaried, and low-cost assistance with retirement planning. This benefit is also available to family members.

- (410) 657-8060 or (800) 826-1126
- www.GEBA.com
- geba@geba.com
- In person: at a location convenient to you
- Phone & Video Conference appointments also available

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APPENDIX: PROVIDING ADDITIONAL LONG TERM CARE RATES FOR VARYING AGES



Annual Cost of Insurance – Singles – MD & VA (1//10/2020)

per \$200 daily benefit, 3% compound inflation, 90 days elimination period, best health rate

Age Benefit Pd. >	Male 3 years	Male 4 years	Female 3 years	Female 4 years
45	\$1,530	\$1,760	\$2,340	\$2,690
50	\$1,670	\$1,920	\$2,555	\$2,940
55	\$1,890	\$2,180	\$2,900	\$3,300
60 (3% comp.)	\$2,135	\$2,455	\$3,280	\$3,775
60 (3% comp. 20 yrs. max)	\$1,975	\$2,270	\$3,050	\$3,685

ANNUAL COST OF INSURANCE PER COUPLE W PARTNER DISCOUNTS — (MD, VA 1/10/2020)

**PER \$200 DAILY BENEFIT, 3% COMPOUND INFLATION,
90 DAYS ELIMINATION PERIOD, BEST HEALTH RATE**

Age Benefit Pd.>	Indiv. Policies 3 years	Indiv. Policies 4 years	Shared Plan 3 years	Shared Plan 4 years
45	\$2,340	\$2,690	\$2,430	\$2,830
50	\$2,555	\$2,940	\$2,660	\$3,090
55	\$2,900	\$3,240	\$3,020	\$3,510
60	\$3,280	\$3,775	\$3,410	\$3,970

Life Insurance with Chronic Illness Rider Annual Premiums – 1 / 10 / 2020

Guaranteed Universal Life with Chronic Illness Rider \$250,000 Death Benefit \$10,000 Monthly Payout for Care		
	Female	Male
Age 45	\$2,084	\$2,321
Age 55	\$3,388	\$3,391
Age 65	\$6,007	\$6,611