Good Morning/Afternoon.

We are pleased to be here to introduce Genworth Life as the new underwriter for the TRS Group LTCi program.

Your current underwriter, Aetna Life, has decided to disengage from the group long term care insurance business, so TRS explored options to continue to provide this important benefit. After an extensive competitive bidding process, TRS chose Genworth Life as its new carrier.

We greatly appreciate your role and wish to ensure that you have all the necessary information and tools to inform your members of the TRS Group LTCi program.

We are going to discuss the 2009 opportunities for your members to enroll in new program with Genworth Life, including options for your current members insured with the Aetna program.

However, before we introduce the 2009 campaigns, we wish to review with you why this benefit is important to TRS members.
Here are the topics that we will cover in the next 10 minutes:

1. Overview of Long Term Care – why is this benefit important, the myths about LTC, and the costs of long term care

2. What triggers LTC benefits and how does the insurance work

3. We are going to talk about the campaigns scheduled this year and what you as Benefit Administrators may expect.
Let’s begin with the top reasons why people buy LTCi.
There are many misconceptions about long term care insurance. Knowing the realities might help you better understand why LTCi is such an important benefit.

The first is people think “it won’t happen to me”:

The reality is long term care situations happen far more often than people think. A Georgetown University Report shows that 7 in 10 people who reach age 65 will need some long term care during their lives. And importantly, it doesn’t just affect the elderly. In fact, over 40% of long term care in this country is provided to working age people aged 18 to 65.
2. My insurance will cover me

- Many people think that their medical or hospitalization insurance will cover LTC, but it doesn’t. Your medical insurance is designed for acute care – surgeries or hospital stays, doctor visits, wellness programs and pharmaceuticals. All the benefits that your BCBS representative has covered on the TRS-Active Care program. However, ActiveCare is not designed to pay for “custodial” care or skilled services for chronic illness or disability.

- Disability Insurance is designed to replace a portion of your income and is usually used to pay for basic living expenses. It is not designed to pay for long term care services.

3. Perhaps the biggest misconception is that the government will pay for long term care:

- The reality: These programs are limited and can be difficult to qualify for:
  - Medicare is designed to cover healthcare and has significant limitations on the long term care services it covers.
  - Medicaid, pays for nursing home care but requires that you have little or no income and that you divest virtually all of your assets, which in most parts of the country means you can keep about $2,000.

4. Many people think they can pay for this out of their savings

- The reality: It is very difficult to save the amount necessary to cover long term care expenses, as the next slide indicates.
In this example, a 45 year old invested money every month that was equivalent to the monthly premium he or she could pay for long term care insurance.

Assuming the investment earned interest at 6% after tax, this person would have saved approximately $24,713 by the time he or she reached age 80. You'll see that the cost of a private room in a nursing home in TX today averages about $53,000. This information and all other information on cost of long term care services in this presentation comes from the Genworth Financial 2008 Cost of Care Survey.

The other column shows that an insurance plan would provide about 4 times as much coverage to help offset the expense of long term care, and it is available from the day it takes effect,

So...
Do you want to use your savings to pay for long term care?  
Or would you prefer to use the insurance to help protect your savings?
One of the starting points to create a meaningful LTC plan is to know the current costs of LTC in the area in which we live. Every year Genworth commissions a survey of costs of care throughout the country. Costs vary substantially from region, and state to state. We have constructed an interactive map that will be on the TRS dedicated website that provides the latest information on the costs of care in the region where you live or expect to retire.
If I click on Texas, this is the information that will appear on the costs of care in the State.

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nursing Home Private Room</td>
<td>$52,590</td>
</tr>
<tr>
<td>Nursing Home Semi-Private Room</td>
<td>$33,791</td>
</tr>
<tr>
<td>Assisted Living Facility Private, One Bedroom</td>
<td>$22,781</td>
</tr>
<tr>
<td>Adult Day Health Care Facility Adult Day Health Care*</td>
<td>$7,556</td>
</tr>
<tr>
<td>Home Care Home Health Aide**</td>
<td>$32,121</td>
</tr>
<tr>
<td>Home Care Licensed Only</td>
<td>$36,700</td>
</tr>
<tr>
<td>Home Care Homemaker Services**</td>
<td>$36,694</td>
</tr>
<tr>
<td>Home Care Licensed Only</td>
<td>$36,694</td>
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</tbody>
</table>

*Based on 3 hours a day, 5 days a week, 5.5 weeks in a month
**Based on 44 hours per week of care
Texas Average Costs of Care

<table>
<thead>
<tr>
<th></th>
<th>ANNUAL COSTS</th>
<th>COSTS FOR 3 YEARS OF CARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>HOME CARE*</td>
<td>$36,700</td>
<td>$110,100</td>
</tr>
<tr>
<td>ASSISTED LIVING**</td>
<td>$29,751</td>
<td>$89,253</td>
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<tr>
<td>FACILITY</td>
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<td></td>
</tr>
<tr>
<td>NURSING HOME**</td>
<td>$52,590</td>
<td>$157,770</td>
</tr>
<tr>
<td>FACILITY</td>
<td></td>
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* Based on 44 hours of homecare per week provided by a licensed but non-Medicare certified provider @ $16 per hour
** Based on the annual cost of private room in the facility

This chart gives you the average annual costs for the various settings. You can see we have taken the annual costs and have multiplied it by 3. Some studies – including our own claims data from over 30 years experience – indicate that in 9 out of 10 cases, long term care claims last 3 years or less. And that nearly 3 out 4 claims start with home care and nearly 70% of them continue that way until the need is resolved.

So this is the amount you may need to self insure yourself against a LTC situation. Most people have other plans and places for their savings and assets than to fund a LTC need.
What Does Long Term Care Insurance Cover?

Long term care insurance covers the costs of services that help people perform everyday activities* they may have difficulty doing or need substantial supervision for.

Long term care situations can result from:

- Broken bones caused by accidents
- Illnesses like MS
- Diseases like Alzheimer’s or Parkinson’s
- Stroke and other chronic conditions

* Activities include Bathing; Dressing; Eating; Continence; Toileting; and Transferring.

Cognitive impairment that requires substantial supervision also qualifies as long term care.

Long term care is a variety of services that include medical, or skilled care, and non-medical, or custodial care to people who have chronic illnesses or a disability. Most LTC is custodial care – assisting people with support services for the kind of help and care you would need if you can no longer perform 2 of 6 everyday activities like bathing, toileting, dressing, transferring and even eating, and the condition is expected to last at least 90 days. Or you have a severe cognitive impairment like Alzheimer’s disease where you need substantial supervision.

There are a lot of potential causes for long term care situations – car accidents, illnesses and diseases, such as MS – even for working-aged people. LTC can happen to any one of us and at any age.
How Does Long Term Care Insurance Work?

It provides a “Pool of Money” or total coverage amount that can pay for long term care services when and where needed:

- Home Care
- Assisted Living Care
- Nursing Facility Care
- Other Care Support

Long-term care can be provided in a variety of settings – at home, in the community, in assisted living or nursing facilities – none of which are covered by TRS-ActiveCare, Medicare or Medicare Supplemental policies.

It is also important that when we need LTC, that we have choices that best meet our needs – where, when and from whom we receive care.
TRS and Genworth have worked together to provide a program that will meet your members' LTC planning needs and budget. We are committed to providing your members with information in whatever form they prefer. We use web technology extensively for education, costs of care, premium calculations and on-line enrollment for TRS members and their spouses. However, we also offer user-friendly print and telephone capabilities for members who prefer these mediums.

So, when and how do we ensure your TRS members and their eligible family members have an opportunity to enroll in this important benefit?

This year we have developed 3 campaigns.

**Transfer Program**
The first campaign is the Transfer Program. In late May, the members who are insured with Aetna will receive an offer from Genworth. They will have 2 options to consider: 1) they may keep their existing plan with Aetna. Aetna will not offer further plan enhancements and if they are currently paying for their program through payroll or retirement deductions, they will be switched to direct bill. Or, 2) they will be pre-approved to purchase a Genworth plan similar to the Aetna plan. A transfer credit from their existing Aetna coverage will be available to help reduce their new plan premiums.

This offer will be sent to them by mail and will include information to help them make their decision. We will also have customer service reps available to answer questions.

**NEW Members**
Beginning August 1st, new TRS participating members and their eligible family members (spouses, parents, grandparents) will be able to enroll. Members will be able to enroll online with no evidence of insurability or limited underwriting (depending on their plan choices). Spouses under the age of 66 may enroll on line with streamlined underwriting. They will also have the opportunity to download applications and information from the website, or call customer service with questions or request an information kit that will be mailed to them at their homes.
**Open Initial Enrollment**

In Mid-September we will begin an open initial enrollment for all TRS eligible members and their eligible family members. This will be an opportunity to learn about the new TRS Group LTCi program and for a limited time enroll with no evidence of insurability (or limited underwriting depending on their plan choices). Spouses under the age of 66 with streamlined underwriting. More information will be available to you and your eligible members throughout the campaign.

It is important to ensure that the initial open enrollment period (Sept 15 through Nov 15) is communicated to the TRS members. This is a limited time to apply with no or reduced evidence of insurability. After this time, your members may still apply, but will need to go through full underwriting. People often tend to procrastinate when it comes to deciding about long term care insurance, and they may not qualify due to a medical condition.

Genworth will be mailing information to members’ homes and we will have the website and information posted on the TRS website, but we also wish to help you communicate this benefit to your members.
Throughout the 2009 campaigns and beyond, TRS members will have 2 main resources to learn about the program – customer service and the TRS dedicated website.

We also are developing a micro-site for Benefit Administrators. The micro-site will be a continuous resource for you. The first development stage is to create a repository of materials. You will be able to view the printed communications that will be sent to your members homes, and will provide you with materials you may download and print to promote the LTCi program at you districts – such as flyers, notices, and a TRS Group LTCi information meeting video. We will also have a section devoted to resources, such as a link to the Genworth Cost of Care Survey and Momentum Wellness, our online program that offers information and education that may help people live a long, healthy and independent life.

CONCLUSION
• Thank you for all your time and attention.
• Look for more information on the upcoming campaigns in the next months.
• We greatly appreciate your role and are looking forward to working with you to provide this important benefit to your employees and their eligible family members.