

Long Term-Care Planning – Exploring the Options

Long-term care is a societal problem. Medicare doesn't pay for it and government programs, such as Medicaid, only pay when you are financially destitute after spending down your assets. It is crucial to have a plan and consider if insurance makes sense for you and your spouse. Long-term care insurance is a way to protect your assets, preserve your family's lifestyle and leverage your money. It also provides you with more control, dignity, security and peace of mind if you do need care someday. Today there are many options available to help you insure for a long-term care need. Three widely used solutions are traditional long-term care insurance(LTCi), "hybrid" insurance or life insurance with a rider for care. Our goal is to provide you with insight on how each long-term care insurance option works and equip you with questions to help you narrow down the best option for you.

Traditional Long-Term Care Insurance (LTCi)

This type of coverage can be compared to auto insurance. It is a pure protection policy -- if you have a claim you receive benefits, but if you don't you generally won't receive a return of your premiums. Like auto insurance, rates can increase, but only when approved by each state's Insurance Department.

Pros	Cons
Usually provides the largest amount of care for the lowest current outlay	Premiums are rarely guaranteed and subject to increase
Can design a policy to match your needs	Few insurers are available
May provide additional benefits like asset protection in partnership states	If you never need care you generally do not receive a return of your money

“Hybrid” Policies

A “hybrid” policy is also known as “linked benefits”. Most are life insurance based; some are annuity based. The primary advantage of these policies is that benefits will be paid whether you need care or not. If you don’t need care, or only need care for a short while, your heirs will receive the remaining death benefit. Hybrid policies solve the main concerns with traditional long-term care insurance coverage by paying a benefit whether you need care, die prior to needing care, or simply change your mind and want your money back.

Pros	Cons
Provides LTCi protection <u>and</u> a death benefit if you don't need care.	Typically costs more upfront and requires funding over a shorter period
A simpler underwriting experience along with the ability to guarantee pricing	May offer substantially lower benefits than a traditional plan
Often allows you to quit and get some or all your money back	Certain health conditions could cause this option to be unavailable

Life Insurance with a Rider

A life insurance policy with a rider allows you to accelerate the death benefit if you need care. Your bucket of care for long-term care needs is equal to your death benefit. This can be the costliest option, but you know with certainty any death benefit you don’t use for care during your life will be paid to your heirs when you die.

Pros	Cons
Can be purchased with guaranteed pricing	Likely the most expensive option
May be the best option if you need care for a short period of time or not at all	Some riders have restrictions on when and how much benefit is paid
May be the only option when others are not available due to certain health conditions	Beware of “projected” v. “guaranteed” policies

Don’t Delay

Please don’t deny, ignore or procrastinate the conversation. Discuss the potential of needing care and what your plan is if you or your spouse need care. Yes, you could decide to self-insure but that may not be the wisest choice. No, you may not need care but isn’t it reasonable to believe you could? Sure, you can wait but it isn’t only money that buys insurance, it’s good health. It is rare that waiting to buy coverage will provide a better value later.

Key Questions™

1. Would you like to explore LTC insurance options? Why or why not?
2. Which options appeal to you most?
 - a. Traditional Long-Term Care Insurance
 - b. Hybrid Policy
 - c. Life Insurance with Rider
3. Do you have an idea of how much protection you would like?
 - a. How much coverage per month?
 - b. How many months of coverage?
4. How long would you like to pay premiums?
 - a. The rest of your life
 - b. In a lump sum
 - c. Until you retire? When do you expect to retire?
 - d. 10 years
 - e. Other _____
5. Do you consider your health to be:
 - a. Excellent
 - b. Good
 - c. Fair
 - d. Poor/Medical concerns
6. Would you like us to prescreen your health to determine your eligibility for the different options?
7. What questions do you have?
