

THE RIGHT LONG-TERM CARE INDIVIDUAL PLANNING

Being chronically ill means your client is unable to perform at least two of the Activities of Daily Living (eating, bathing, etc.) for at least 90 days; or your client has suffered from a severe cognitive impairment. Here's a quick snapshot of four common insurance options that your clients may consider for financial protection in the event of a chronic illness.

TRADITIONAL LONG-TERM CARE (LTC)

1

- Most LTC coverage per \$ of premium
- Benefit inflation riders
- Can qualify for State Partnership
- Premiums can increase in future
- No single pay or limited pay

Attractive if the primary need is LTC without a wealth transfer or legacy planning goal.

HYBRID LTC AND LIFE INSURANCE

2

- Most LTC coverage per \$ of premium
- Benefit inflation riders
- Can qualify for State Partnership
- Premiums can increase in future
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Attractive if the primary need is LTC without a wealth transfer or legacy planning goal.

LIFE INSURANCE W/ LTC RIDER

3

- flexible premium modes
- Higher death benefit, lower LTC benefit
- LTC benefits = percentage death benefit
- In no LTC needed, full death benefit paid to beneficiaries
- Residual death benefit.

Attractive if the primary need life insurance but there's a desire to protect against LTC expense if needed.

LIFE INSURANCE W/ CHRONIC ILLNESS

4

- flexible premium modes
- No upfront cost for LTC/ pay only if benefit is used.
- In no LTC needed, full death benefit paid to beneficiaries
- May or may not include terminal illness

Attractive if the primary need life insurance but there's a desire for chronic and/or terminal illness benefits.

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TRADITIONAL LONG-TERM CARE INSURANCE

PROS

- Choice. Range of coverage options
- Cost-effective.
- Tax advantages. Tax-free benefits (most instances)

CONS

- Premiums are not guaranteed and can increase
- Limited. Only covers qualified LTC expenses
- Use it or lose it.

HYBRID LTC AND LIFE INSURANCE

PROS

- LTC coverage w/ a death benefit if not needed
- Exit strategy. Most offer a return-of-premium feature if client cancels the policy.
- Potential higher benefits.

CONS

- Most require proof of qualified LTC expense for reimbursement.
- Benefits may exceed IRS limits for qualified care.
- Lower death benefit compared to traditional life insurance.

LIFE INSURANCE W/ LONG-TERM CARE RIDER

PROS

- One product, covering two needs (life and LTC)
- Can complement other planning strategies.
- Available as a feature or add-on rider to most permanent life insurance contracts .

CONS

- Most require proof of qualified LTC expense for reimbursement.
- Monies accelerated for LTC expenses reduce the death benefit amount paid to beneficiaries.

LIFE INSURANCE W/ CHRONIC ILLNESS RIDER

PROS

- One product, covering two needs (life and CI)
- Can complement other planning strategies.
- Available as a feature or add-on rider to most permanent life insurance contracts .
- Often benefits paid w/o evidence of expense

CONS

- Limited benefit payouts
- Subject to IRS limits.
- Monies accelerated for expenses reduce the death benefit amount paid to beneficiaries.

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