



Which type of long-term care insurance (LTC) is the right fit for your client?

The LTC market is evolving rapidly, providing your client with a wider range of options than ever before. Below are the pros and cons of the three primary types of coverage.

	Pros	Cons
Traditional	<ul style="list-style-type: none"> • Avoid or offset out-of-pocket LTC costs • Lowest upfront costs/annual premiums • Flexible benefit levels and periods • State partnership plans are available (LTC coverage amount excluded from your assets for Medicaid eligibility purposes). 	<ul style="list-style-type: none"> • Benefits and rates are not guaranteed. • “Use it or lose it” - No death benefit for your beneficiaries and loss of premium payments if you do not need LTC benefits. • Return of premium options are limited/
Hybrid	<ul style="list-style-type: none"> • Avoid or offset out-of-pocket LTC costs • Pass/fail underwriting – Quicker policy issuance • Death benefit and return of premium options • Guaranteed benefit and premium amounts • Single & short pay premium options as well lifetime options 	<ul style="list-style-type: none"> • It may be harder to qualify for coverage if you have health concerns or a family history of health problems. • Policy death benefit is reduced by the amount of LTC benefit used during lifetime.
Life w/ Rider*	<ul style="list-style-type: none"> • Avoid or offset out-of-pocket LTC costs • LTC benefits and significant death benefit • Growth potential of LTC benefit amount • One underwriting process for two types of coverage 	<ul style="list-style-type: none"> • Your policy’s death benefit is reduced by the amount of LTC benefit you use • If your policy lapses, you lose your LTC protection

Traditional Long-Term Care Insurance – You can customize your benefits to match your needs. As long as you keep paying your premiums, you will be covered (up to the limits you selected). However, like with auto insurance, if you don't make a claim, you won't receive any benefits

Hybrid Life/Long-Term Care Insurance – If you are worried about not needing long-term care and losing the money you paid in premiums, a hybrid policy is a permanent life insurance policy with a rider that covers long-term care. If you don't end up needing long-term care, your beneficiaries will receive a death benefit, or you can surrender the policy and receive most or all of your premiums back. Keep in mind that there may be tax implications and availability depending on the insurance carrier.**

Life Insurance With a Long-Term Care or Chronic Illness Rider – This is a life insurance policy that allows the death benefit to be accessed early for individuals with medically diagnosed chronic illness or long-term care needs.

*Riders that provide long-term care benefits may not cover all the costs associated with long-term care – costs that may be incurred during the period of coverage. You should review carefully all limitations in any policy you are considering and in the riders. Optional riders will incur additional cost.

**Return of premium must occur prior to the commencement of claims, assumes no loans or withdrawals, and is subject to each particular insurance company's restrictions. A portion of the amount returned to you may have tax implications, which you should discuss with your tax advisor.

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