

Are Your Clients Ready?

No one really likes to think about needing long-term health care services, but the reality is that each year, an estimated 10 million Americans need some type of long-term care to assist them in performing everyday tasks like eating or bathing¹. Long-term care expenses are a key risk to your clients' retirement plan. If long-term care is needed, it will affect the individual and caregivers financially, physically, and emotionally. Having a plan to address these concerns is critical for easing the burden on your client, their family, and their friends.

1

Traditional Long-Term Care Insurance

- Allows your client to choose the amount of coverage, how long it lasts, and how long they must wait before receiving benefits.
- Typically, your client will pay an annual premium for life, although their premium payment period could be shorter.
- Premiums are not guaranteed, so your client could experience rate increases in the future.
- **If your client never needs LTC, there are usually no type of survivor benefits.**

2

Life/LTC Hybrid or Asset Based LTC

- Includes some life insurance, but the focus is mainly on long-term care. This type of solution is best for clients who are most concerned about maximizing the LTC benefits, don't want rising premiums and are less concerned with a death benefit.
- Premiums can be paid as a single premium, or over time, such as 10 years or longer.
- Premiums are guaranteed, so your client wouldn't experience a rate increase in the future.
- Usually no exam is required.
- **If your client never needs LTC, the owner has a cash out option, or the beneficiaries will receive a death benefit that is no less than the amount of premium paid into the plan.**

3

Life Insurance with a Rider

- Focuses more on death benefit than long-term extended care.
- Offers flexible premiums, as premiums can be paid for life, or shorter durations if desired.
- Do not offer inflation protection; consider starting with a larger pool (or death benefit) to hedge against future inflation.
- Some products offer guaranteed premiums, other plans offer cash value potential, and some plans provide both.
- **If your client never needs LTC, the death benefit will be passed along to the beneficiary(s).**

4

Other Types of Plans

- Annuities are available that offer a long-term care benefit. They may offer more flexible underwriting.
- Discounted chronic illness riders are "free" riders available on some types of life insurance policies. These types of riders are not long-term care insurance, but can offer an accelerated death benefit, usually in a lump sum if your client is eligible. These riders usually have less restrictive underwriting requirements and may be a good alternative for clients unable to qualify for other types of plans.

¹U.S. Department of Health & Human Services. (2020).