Hybrid LTC Plans & Life Insurance Plans w/LTC Rider

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Disclaimer

This information is general in nature and not intended to be tax, legal, accounting or other professional advice. The information provided is based on current laws, which are subject to change at any time, and has not been endorsed by any government agency. If you have questions regarding a particular situation, contact your legal or tax advisors.

Hybrid LTC Plans

- Hybrid plans - also called Asset-Based or Linked-Benefit plans
- Popular with financial planners, LTC producers & consumers
- Pays for LTC expenses or a death benefit to beneficiary
- Guaranteed premiums
- Most offer a Cash benefit
- Shorter payment period, larger premium payment
- Individual & Joint plans sold by carriers
- Similar benefits to traditional LTC plans
  - Monthly benefit, Benefit Period, Inflation Protection, Waiting Period
- Tax deduction for LTC portion of premium

LTC Insurance Plans w/LTC Rider

- Over 40% of life insurance sold today includes some LTC benefits
- Great option for younger individuals
- Popular sale in Washington with the WA Cares Act
- % of death benefit is the maximum LTC pool
  - No extended LTC benefits
- Individual plans typically don't offer inflation protection
- Lower premium rates but comprised benefits for LTC needs
- Expansion of worksite LTC plans offering plans to employees
  - Whole life group plans
  - Term life group plans

LTC Insurance Plans w/Chronic Illness Riders

- Some agents represent these plans as LTC plans, they are not
- Some plans only pay for assistance with physical ADLs, no provision for help with cognitive impairment - look at language
- Plans w/chronic illness rider will have additional charge for the rider and can access full death benefit
- Unsuitable plans w/chronic illness rider will have a built-in rider with no additional charge
  - "Free" rider based on discounted death benefit calculated at time of claim to accelerate for the chronic illness
  - Payout for LTC will be much less than the total death benefit
  - Balance of the death benefit is usually lost

Underwriting Process

- Full medical underwriting for Hybrid LTC plans
  - Carriers looking at mortality risk and risk of needing LTC
  - Phone interview or in-person interview
  - Age 60 + can require cognitive test in addition to medical records
  - Normally APS & Rx records ordered

- Life insurance plans have less stringent medical underwriting requirements
- Pre-qualifying applicants extremely valuable!

Questions? Just ask!