LTC Products *Available*

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Are you familiar with the different types of Long Term Care insurance products available?

Traditional Long Term Care

Traditional LTC insurance, also known as "stand alone LTC", is a guaranteed annual renewable insurance product that can be purchased for one person or spouses together. Typically in the early years of this contract, the pricing is structured lower cost than the alternative LTC products available in the marketplace. However, Traditional LTC policy premiums can be increased due to the guaranteed annual renewable nature of the contract when the carrier deems it necessary.

Some common features of Traditional LTC include:

- Premium discounts for applicants that are married or are in a domestic partnership. An increased premium discount for spouses or domestic partners that apply at the same time.
- The monthly benefit can increase over time by way of Cost of Living Adjustment rider (COLA).
    - Industry standard is 3% for COLA/Inflation.
- HSA contributions may be utilized to pay for premiums.
- As long as the insurance carrier's product is set up to be partnered with the state, the product will be Partnership Program qualified.
- Deductibility on the full LTC premium if the client itemizes deductions on their tax return, and their annual cost for out-of-pocket health care expenses exceeds 7.5% of their AGI in a given year.
- Can be funded with premiums in the following durations:
    - Pay All Years
    - Single Premium
    - 10-Pay
    - 20-Pay
- Can be funded with post-tax dollars only.
- Pays Claims on a Reimbursement basis only.

Linked-Benefit Long Term Care

Linked-Benefit LTC, also known as "asset-based LTC", is a guaranteed-level insurance product that can be purchased for one person or spouses together. Typically, in the early years of this contract the pricing is structured higher cost than Traditional LTC, but given its guaranteed-level nature the contract premiums can never be increased. The reason why Benefit-Linked premiums can never be increased is because this LTC product type is built on a Life Chassy, usually GUL or WL. As such, this product type includes a Face Amount as leverage in the contract. Therefore, if the client(s) do not ever have a need to go on claim their beneficiaries can receive a death benefit tax-free.

Some common features of Benefit-Linked LTC include:

- Death Benefit
- The monthly benefit can increase over time by way of Cost of Living Adjustment rider (COLA).
    - Industry standard is 3% for COLA/Inflation.
- HSA contributions may be utilized for pay for a portion of the premium. Nowadays, carriers that offer Linked-Benefit LTC separate the cost of the Life premiums from the LTC premiums. Only the LTC premiums meet the 7702 requirement, resulting in the ability to use HSA dollars for this portion.
- Deductibility on the LTC premium only if the client itemizes deductions on their tax return, and their annual cost for out-of-pocket health care expenses exceeds 7.5% of their AGI in a given year.
- Can be funded with premiums in the following durations:
    - Pay All Years
    - Single Premium
    - 5-Pay
    - 10-Pay
    - 15-Pay
    - 20-Pay
    - Pay To Age 65
- Can be funded with pre-tax dollars from existing qualified retirement account, such as 401(k), IRA, 403(b).
    - When funded using qualified dollars, the insured will be subject to paying income-tax on the qualified rollover, over the course of 10 years.
- May Pay Claims on a Reimbursement basis or Indemnity basis.

Life Insurance with Long Term Care Rider

Life Insurance with a Long Term Care rider is another way in which LTC can be sold to a consumer. It can be purchased for one person or spouses together, in the instance of a survivorship. This option is typically selected when a consumer has a need for Life Insurance and Long Term Care coverage, at the same time.

Some common features of Life Insurance with LTC Rider include:

- Guaranteed Level Premiums
- Policy can be designed to meet additional needs for clients, such as accumulation or increased death benefit.
- Claims paid on a reimbursement-basis or indemnity-basis.
- HSA contributions are not acceptable
- No capability for deductibility for clients that itemize.
- Must be funded with post-tax dollars only.
- May be subject to IRS Per Diem rules.