

LTC PRODUCTS

Traditional, or Stand-Alone LTCi This is the original option.

These policies are treated like health insurance by regulators and the IRS. The strength of these products lies in their affordability, insurance leverage, funding flexibility, and tax advantages. Like term life insurance, auto, or home-owners insurance, they provide the maximum coverage if you need the benefits, while hoping never to have to activate the policy. The number of insurance companies offering new traditional LTCi products has consolidated to a few core carriers. Yet, there are still a wide range of offerings and plan designs. Older LTCi policies that were underpriced have required rate increases. Newer policies are more conservatively priced, yet still offer an outstanding value proposition from the best products. LTCi has a higher likelihood of price stability moving forward largely due to more careful health underwriting and plan designs.

Hybrid Life Insurance with Extension of LTCi Benefits

These life products are designed to minimize the cost of the life insurance component and maximize the LTCi benefits. Many of the popular plans offer LTC protection beyond the life insurance death benefit and compound inflation increases on the benefits. The premiums are often guaranteed, and the life insurance death benefit is paid even if LTC is not needed. More products have emerged with funding flexibility and creative benefit designs. There are also products that pay cash indemnity benefits and more robust international coverage. Like traditional LTCi, hybrid plans are often more careful with health underwriting. Most LTC specialists offer both traditional LTCi and hybrid life extension products for their healthier clients.

In this marketplace, about half of clients choose traditional and half choose hybrids.

Life Insurance with LTCi or Chronic Illness Benefits

These products focus mostly on the life insurance component but offer flexibility to provide LTCi benefits up to the death benefit. The point-of-claim LTCi benefits tend to be more limited, and the benefits generally do not increase with inflation. However, this allows the companies to provide richer life insurance features and in some cases the life insurance underwriting can be more favorable for the customer. While there are more policies sold in this category than the traditional or hybrids combined, most insurance plans are based on the life insurance features of the policy, and not necessarily because the primary need is the LTC benefits.

Annuities with LTCi Benefits

These products use the annuity account value to offer tax-free LTC benefits. Several products provide a multiplier on the account value when the client qualifies for the LTC benefits. These annuities may be liberally underwritten and may also be designed to maximize a guaranteed income stream in the future. These products are typically funded as a large single premium, so LTC specialists often use them with clients that have accumulated significant assets and who might have significant health issues.