



Being chronically ill means your client is unable to perform at least two of the Activities of Daily Living (eating, bathing, etc.) for at least 90 days; or your client has suffered from a severe cognitive impairment. Here's a quick snapshot of four common insurance options that your clients may consider for financial protection in the event of a chronic illness.

## TRADITIONAL LONG-TERM CARE (LTC)

1

- Most LTC coverage per \$ of premium
- Benefit inflation riders
- Can qualify for State Partnership
- Premiums can increase in future
- No single pay or limited pay

**Attractive if the primary need is LTC without a wealth transfer or legacy planning goal.**

## HYBRID LTC AND LIFE INSURANCE

2

- Most LTC coverage per \$ of premium
- Benefit inflation riders
- Can qualify for State Partnership
- Premiums can increase in future
- No single pay or limited pay

**Attractive if the primary need is LTC without a wealth transfer or legacy planning goal.**

## LIFE INSURANCE W/ LTC RIDER

3

- flexible premium modes
- Higher death benefit, lower LTC benefit
- LTC benefits = percentage death benefit
- In no LTC needed, full death benefit paid to beneficiaries
- Residual death benefit.

**Attractive if the primary need life insurance but there's a desire to protect against LTC expense if needed.**

## LIFE INSURANCE W/ CHRONIC ILLNESS

4

- flexible premium modes
- No upfront cost for LTC/ pay only if benefit is used.
- In no LTC needed, full death benefit paid to beneficiaries
- May or may not include terminal illness

**Attractive if the primary need life insurance but there's a desire for chronic and/or terminal illness benefits.**

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## TRADITIONAL LONG-TERM CARE INSURANCE

1

### PROS

- Choice. Range of coverage options
- Cost-effective.
- Tax advantages. Tax-free benefits (most instances)

### CONS

- Premiums are not guaranteed and can increase
- Limited. Only covers qualified LTC expenses
- Use it or lose it.

## HYBRID LTC AND LIFE INSURANCE

2

### PROS

- LTC coverage w/ a death benefit if not needed
- Exit strategy. Most offer a return-of-premium feature if client cancels the policy.
- Potential higher benefits.

### CONS

- Most require proof of qualified LTC expense for reimbursement.
- Benefits may exceed IRS limits for qualified care.
- Lower death benefit compared to traditional life insurance.

## LIFE INSURANCE W/ LONG-TERM CARE RIDER

3

### PROS

- One product, covering two needs (life and LTC)
- Can complement other planning strategies.
- Available as a feature or add-on rider to most permanent life insurance contracts .

### CONS

- Most require proof of qualified LTC expense for reimbursement.
- Monies accelerated for LTC expenses reduce the death benefit amount paid to beneficiaries.

## LIFE INSURANCE W/ CHRONIC ILLNESS RIDER

4

### PROS

- One product, covering two needs (life and CI)
- Can complement other planning strategies.
- Available as a feature or add-on rider to most permanent life insurance contracts .
- Often benefits paid w/o evidence of expense

### CONS

- Limited benefit payouts
- Subject to IRS limits.
- Monies accelerated for expenses reduce the death benefit amount paid to beneficiaries.

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