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Long Term Care
Planning Options

Planning Option	Description	Features
Traditional Long Term Care	This is a traditional long term care contract with annual premiums and a specified long term care benefit. Annual premiums are retained by the carrier, and the long term care benefit increases based on the inflation option selected. Benefits are paid monthly. The carrier will typically offer services including assistance with plan of care and locations of facilities. Premiums can be increased in future years subject to approval by the Insurance Commission of the state where coverage was written.	- May be Partnership eligible - Immediate access to benefits - Subject to possible rate increases - Other assets can be invested more aggressively
Life Insurance with Long Term Care Rider	A long term care riders is an additional benefit on many newer life insurance policies. In many cases, the extended care benefit is equal to some percentage of the death benefit paid monthly, such as 2%. Benefits paid for long term care result in a direct reduction of the remaining death benefit. A key advantage of this approach is that the cost of the benefits is fixed.	- Not Partnership eligible - No corporate deductibility - Significant death benefit - Reimbursement or indemnity approach depending on product - Premium flexibility
Life & LTC Hybrid Insurance	This policy is typically single-pay up to a 10 pay contract. Purchasers are offered at least their money back in the form of optional benefits: 1)a cash surrender value at least equal to the premiums paid, or 2) an extended care benefit significantly greater than the amount paid initially, or 3) a death benefit hat is also greater than the premiums paid. This is normally and excellent alternative to cash assets that are otherwise earning low rates.	- Ability to use Life product for LTC services - Up to 6x premium leverage for LTC - Flexible - Premium always returned (either through LTC or death benefit) or prior to utilization
Self-Insure	In the event of not having a need for extended care, the person using self-funding retails all of his or her capital. However, if an extended care situation arises, the significant cost of care will eclipse anything that would have been paid for insurance coverage. This runs counter to the idea of insurance pooling or risk, leaving individuals with no real basis for predicting whether they are the ones who will need care.	- Lack of professional plan of care - Potential tax liabilities on investment gains - Liquidity risk
Self-Insure, Life Insurance with Return of Premium Rider to Recover Cost	In the event of not having a need for extended care, the person using self-funding retails all of his or her capital. However, if an extended care situation arises, the significant cost of care would deplete assets from the estate. This policy is purchased to recover the cost of potential long term care costs along with the cost of the insurance itself by adding a return of premium rider. If long term care is not needed, the tax free death benefit is paid to the estate.	- Lack of professional plan of care - Potential tax liabilities on investment gains - Liquidity risk during period of long term care need - Recovery of long term care cost and cost of insurance to make estate whole