LTCI Asset Protection

1) Traditional Long Term Care (LTC) insurance policies.

These policies are still the most widely used type of Long Term Care protection. One can choose the amount of coverage, length of payout, inflation protection and how long one must wait before receiving benefits. Typically, one pays an annual premium for life, although your premium payment period could be shorter. Federal Tax Deductibility may be available. (Plus a 20% Tax Credit in NYS.) The annual cost with traditional policies may be lower than other options. Spousal/Partner discounts are available, as well.)

2) Hybrid LTC policies.

Hybrid insurance offers Life insurance bundled with Long Term Care coverage. A Life Insurance and Long Term Care "HYBRID" policy will pay for long term care during your lifetime, if you need it. But if you don't use your long term care benefits, it will pay a life insurance death benefit to your beneficiary upon your death. If you had a long term care need, you would be able to draw down or accelerate the death benefit amount to pay for your care, sometimes subject to a monthly maximum amount. However, even if you used up the entire death benefit for Long Term Care, sometimes the insurance company would still provide additional small amount of Life Insurance coverage. Premiums for "Hybrids" are often paid in a "Lump Sum" or "Limited" payment period. Hybrid premiums are often "refundable" if the insured has not used the policy benefits and decides to terminate their coverage.

3) Life Insurance w/ LTCI Rider.

Today, some Life insurers offer an optional "Long Term Care rider" on their Universal Life insurance policies, which will permit the insured to receive monthly (advanced) payments of the Death Benefit, if they become eligible for Long Term Care services. This amount is usually a small percentage of the Life Insurance Face amount. (These monthly payments reduce the Life Insurance benefit, as they are paid out to the insured for their covered Long Term Care expenses.) Premiums can be paid over the individual's lifetime. If Long Term Care services are not required, the Beneficiaries would receive the proceeds of the policy. (The key here is that the insured should have a "need" for the Life Insurance benefit.)

*ALL LTC Product availability differs by state and age of the applicant…