



Long-Term Care Planning

Avantax

A minimally funded plan does not mean insignificant long-term care (LTC) benefits.

We often present, market, and illustrate asset-based long-term care plans, solving for the maximum need. For single premium cases, this can require a significant one-time payment that can shock a potential client. Our focus at Avantax Planning PartnersSM is to make sure all clients understand the LTC risk and put together a plan to protect against it. In our opinion, there are three strategies to pay for a LTC event:

1. Self-fund using existing income and/or liquid assets
2. Reposition existing funds to purchase insurance
3. Use a combination of income, assets, and insurance

With option #3, purchasing insurance with an inflation rider to supplement the cost of a LTC event can be a very cost-effective strategy and provide a significant benefit over time.

Take a look at the below tables. One could spend less than \$40K and have a LTC benefit that grows to somewhere between \$300K and \$700K by age 85. These benefit amounts may not cover someone's entire LTC cost, but they could certainly provide significant help. It may mean the difference between home health care or facility care, or it may be just enough to help an individual still leave an inheritance behind.

Female - 6 Year LTC Benefit, 3% Inflation, Non-Tobacco, Couples Discount

Age	Single Pay	Initial LTC Monthly Benefit	Monthly Benefit at Age 85	Total Pool Age 85	Leverage*
40	\$ 25,528	\$ 2,083	\$ 7,878	\$ 611,523	23.95
45	\$ 28,137	\$ 2,083	\$ 6,796	\$ 527,505	18.75
50	\$ 31,006	\$ 2,083	\$ 5,862	\$ 455,030	14.68
55	\$ 34,015	\$ 2,083	\$ 5,057	\$ 392,513	11.54
60	\$ 37,274	\$ 2,083	\$ 4,362	\$ 338,586	9.08
65	\$ 44,108	\$ 2,083	\$ 3,763	\$ 292,067	6.62

Male - 6 Year LTC Benefit, 3% Inflation, Non-Tobacco, Couples Discount

Age	Single Pay	Initial LTC Monthly Benefit	Monthly Benefit at Age 85	Total Pool Age 85	Leverage*
40	\$ 22,121	\$ 2,083	\$ 7,878	\$ 611,523	27.64
45	\$ 24,086	\$ 2,083	\$ 6,796	\$ 527,505	21.90
50	\$ 26,527	\$ 2,083	\$ 5,862	\$ 455,030	17.15
55	\$ 29,160	\$ 2,083	\$ 5,057	\$ 392,513	13.46
60	\$ 32,105	\$ 2,083	\$ 4,362	\$ 338,586	10.55
65	\$ 37,523	\$ 2,083	\$ 3,763	\$ 292,067	7.78

*Leverage = Single premium to total LTC benefit at age 85.

Please note the above insurance highlights a hybrid life/long-term care policy. This product provides a guaranteed LTC benefit for six years. Should the client not need the LTC insurance, the policy will pay a tax-free death benefit at the death of the insured.

Whether talking with individuals with less saved for retirement or putting a smaller plan in place to help supplement the cost, it is a great first step to creating a LTC strategy. Please feel free to reach out to a financial planning consultant to learn more about the different strategies that are available to help your clients plan for a long-term care event. Consider the impact that a smaller plan could have on the many individuals that have no plan at all.