

# CAPITAS FINANCIAL

## Life Insurance with a Long-Term Care Rider

### OVERVIEW

Nothing says financial security like a life insurance policy. It's a great way to grow and preserve your client's wealth, and in turn, leave a legacy for their loved ones. After determining the need for a death benefit, clients can get even more from their policy by combining it with an optional long-term care rider.

### A POTENTIAL SOLUTION

Life insurance with a long-term care rider can provide:

- Financial protection for your client and their family.
- Monthly access to a portion of the death benefit to help pay long-term care expenses.
- Choice and control over the care they receive.
- Security knowing they'll have resources so their family may not be faced with the financial, physical, or emotional challenges of caring for your client.

If they ever find themselves needing long-term care services, the last thing they want to worry about is how they're going to pay for it.

Life insurance with a long-term care rider can allow your client to focus on their family and their health, while receiving the care they need in the setting that's best for them.

### HOW IT WORKS

Before your client's policy is issued, they'll choose their life insurance benefit, their long-term care benefit and their maximum monthly long-term care amount.

The optional long-term care rider (available for an additional cost) will then allow them to accelerate their death benefit to help pay long-term care expenses. Generally, these policies provide long-term care benefits when the policy-holder cannot do two of the six activities associated with daily living. Each month, this money can then be used for in-home care, assisted living facilities, nursing homes, adult day care, and more. Any portion of the life insurance benefit not used to pay for long-term care can then be passed onto loved ones.

### BENEFITS

- Guaranteed ability to use for temporary and permanent long-term care needs.
- Benefits can be used for long-term care expenses or be paid out to the beneficiaries at time of death.
- Potentially less stringent underwriting for the rider for clients who can't qualify for stand-alone long-term care insurance.
- Includes additional consumer protections – unintentional lapse protections, policy reinstatement provisions, and extension of benefits.

### CONSIDERATIONS

- Variety of premium payment options.
- Guaranteed or non-guaranteed premium options.
- Full or partial return of premium not important.
- Long-term care riders are not available on term policies, but this option may be available with a few carriers. Generally this will only be available with permanent policies such as Universal Life, Indexed Universal Life and Whole Life policies.
- Typically any accelerated death benefits paid out and used for long-term care expenses will reduce the amount of death benefits that are available to beneficiaries.
- Types of coverage, policies and costs vary between carriers so sit down with your client to discuss their choices and their life insurance needs before they select a long-term care coverage option.
- Medical and disability insurance does not typically cover long-term care expenses.
- Medicare has strict coverage requirements which most long-term care services do not qualify for.
- Medicaid requires them to spend down their assets and then limits where they can receive care.



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