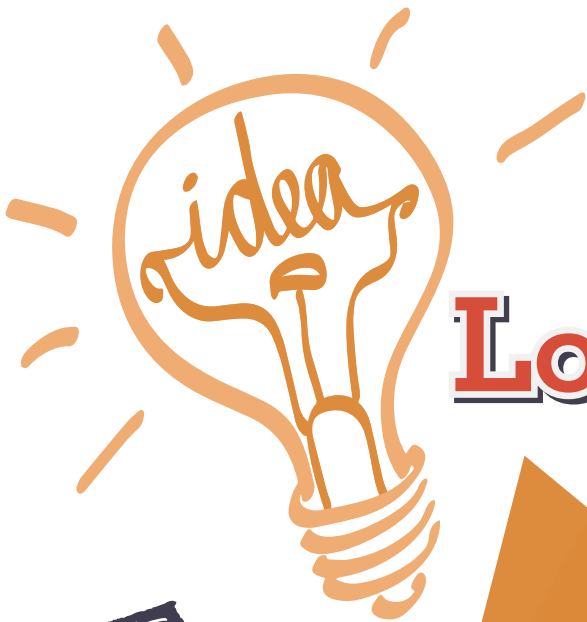


A SPECIAL PLANNING GUIDE
FOR KIPLINGER'S PERSONAL FINANCE MAGAZINE READERS



Long-Term Care Planning

A
DIFFERENT
IDEA

Today there are more ways than one to cover long-term care expenses. Ways that makes efficient use of your money. An idea that can better protect other assets with features and benefits you need to know about.

PRESENTED BY THE

American Association for Long-Term Care Insurance

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Today, There Are More Ways To Cover Long-Term Care Expenses

Planning for long-term care is an important way to protect even the most solid retirement plan. For many years the primary options for long-term care planning were self-insuring or purchasing traditional long-term care (LTC) insurance. Today, there are more ways to protect your future.

This guide from the American Association for Long-Term Care Insurance focuses on an option you might not be familiar with.



CONSIDER A DIFFERENT OPTION

Linked Benefit LTC Coverage

An increasing number of financial advisors are recommending another option that combines the PROS (features individuals seek) and addresses the CONS (reasons people may avoid initiating LTC planning) in one dynamic product.

What Is Linked Benefit LTC Coverage?

Simply, an asset is re-positioned to be leveraged for LTC coverage on a policy linked to life insurance. The primary purpose is insuring long-term care. But there is also a death benefit on the policy that assures cost recovery should the policy be little or never used.

Linked benefit LTC policies include a 'return of premium' feature that keeps the asset on your net worth statement. And, while most of these policies are paid with a single premium, there are options available that allow fixed yearly payments.

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for Long-Term Care Insurance

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American Association for Long-Term Care Insurance

www.AALTCI.org

✓ LONG-TERM CARE
A DIFFERENT WAY

**BENEFITS
IF
LONG-TERM CARE
IS NEVER NEEDED**

✓ LONG-TERM CARE
A DIFFERENT WAY

**RETURN OF
PREMIUM
OPTIONS**

✓ LONG-TERM CARE
A DIFFERENT WAY

**SINGLE OR
FIXED
PREMIUM
OPTIONS**

CONSIDER A DIFFERENT OPTION LINKED BENEFIT LTC COVERAGE

How Linked Benefit LTC Works

Here's a quick overview based on AALTCI's 2015 price analysis.* A healthy 60-year old (female) has \$1,000,000 in retirement assets and redirects \$75,000 that has the lowest earning potential, is most liquid and will have the least taxable impact.

DAY 1 LTC BENEFIT: The \$75,000 premium secures an immediate \$311,000 in long-term care benefits. That's a monthly benefit of about \$4,321. Selecting an Inflation Benefit Option increases the monthly benefits available each year.

RETURN OF PREMIUM FEATURE: If long-term care is never needed, the policies could be surrendered at any time for the Return of Premium benefit. This can vary from one company to the next but may be 100% refund of the premiums paid less any policy distributions (loans, withdrawals or benefits paid).

THE 'DON'T USE IT - DON'T LOSE IT' BENEFIT: Designate beneficiaries who will receive tax-free death proceeds if you pass away without using any LTC benefits. The amount will vary, but assuming death takes place at age 80, the approximate life insurance benefit for our example will be \$107,000 to the designated beneficiaries.

Difference Makers Worth Knowing About

POLICY DETAILS COUNT: "The largest benefit pool may not best fit your care needs," says Shawn Britt, Director of LTC Initiatives at Nationwide. "Reimbursement policies may appear larger, but only pay qualifying expenses, while indemnity policies pay full monthly benefits, require no monthly paperwork, and offer more flexibility of use."

COMPARE FUTURE BENEFITS: "When it comes to long-term care benefits, inflation is a major consideration," says Parag Shah, vice president of product design for the Life Insurance Division at Pacific Life. "Inflation options and elected benefit periods have the greatest impact on your future total long-term care benefits"

FREE LTC PLANNING GUIDES

Read guides appearing in prior issues of Kiplinger's Personal Finance magazine available now online.

www.aaltci.org/guides



**LEARN MORE
ABOUT LINKED
BENEFIT
LONG-TERM
CARE**

**Talk with your
insurance
professional or
financial advisor
who can compare
plan options,
benefits and costs.**

Reposition

\$75,000

**and receive up to
\$311,000
in LTC coverage**

(Premium remains part of
client's financial portfolio)

If LTC is needed

First \$75,000

**of benefits
are essentially paid
from the premium
paid into the policy**

Then

**If LTC is still needed,
insurer continues to
pay monthly
benefits up
to an additional
\$236,000**

*AALTCI price analysis for policies, Jan. 2015. Policy costs, options and benefits vary by company. These examples are provided merely as an example. Consult with your tax professional for advice on tax consequences of life insurance.