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Hybrid Long Term Care/Life Insurance Policies

Traditional "pay-as-you-go" policies are just one avenue for you to explore when you are considering your planning needs.

Additional planning options for you to consider are "linking" your long-term care benefits to additional insurance benefits such as a paid-up life insurance policy or an annuity, for example.

Unlike traditional policies that have a small premium "pay-as-you-go" approach, hybrid linked benefit insurance policies usually are funded with a one-time single premium up-front such as \$50,000 or \$100,000.

Many hybrid policies also provide you the ability to elect your long-term care insurance benefits at the outset, i.e. monthly benefit, benefit period, and inflation protection. The waiting period will be fixed by the insurance company, however, typically 90 days or less.

The appeal of hybrid long term care life insurance policies is that you are **guaranteed to receive your premium back** should you never need to receive long term care.

Also, premiums with hybrid LTC policies are fixed, and are guaranteed to never be increased.

Hybrid long term care policies will:

- pay for your costs should you receive care
- provide your estate a tax-free life insurance benefit should you not need care
- offer you a 100% money-back guarantee should you change your mind

For example, you may have already set aside \$500,000 in your savings should you need long term care. Let's presume you are a 60-year-old female. As an alternative to self-funding your needs, you could choose to move \$100,000 of the \$500,000 in your savings into a linked-benefit policy. In doing so you could receive:

- \$500,000 of long term care benefits (\$7000 month for 6 years) should you need care
- \$165,000 tax-free life insurance benefit to your beneficiaries should you not need care
- \$100,000 returned to you should you change your mind

Hybrid insurance policies may be worthwhile for you to consider if you have liquid assets generally not needed for retirement income that can be easily re-positioned.