

## Individual Series – Retirement Risk

*Vol. 1, No. 9 – June 21, 2017 – Edu4Retirement, Inc.*

### **Getting Creative with Your Long-Term-Care Alternatives** **Written by Steven L. Tillona, CPA, CWS®**

Unfortunately, too many individuals assume that their only option is to purchase traditional, stand alone, long-term-care (LTC) insurance. LTC insurance is a type of policy that will pay benefits when the insured is unable to perform certain activities of daily living such as eating, bathing, dressing, toileting and transferring.

Traditional LTC insurance has several deficiencies from the buyer's perspective.

1. If the policy isn't used, the premium payments are lost.
2. To obtain more reasonable premiums the policy must be purchased before age and medical problems become an issue. Many individuals do not consider LTC insurance until they are 60 years old or older. By that time, the premiums may be too high for most people to consider it an option.
3. Many existing LTC policies have been increasing their premiums periodically years after the policy was purchased. The increase in premiums can be significant just as you are getting closer to the years where you may need coverage.

Despite these issues, there may be certain situations where traditional LTC insurance may be appropriate.

Fortunately, there are many new hybrid policies that combine aspects of traditional LTC with life insurance. These policies allow you to make annual premium payments, transfer annuity contracts or qualified retirement savings, to fund the hybrid Life Insurance products with LTC provisions.

In these hybrid products, several of the traditional LTC deficiencies are mitigated. Unless the policy is surrendered, the policy holder will either use the LTC during their lifetime or die with their beneficiaries receiving the death benefit. An additional option would be to access the cash in the policy, via a loan, or surrender the policy and take the cash; although there will be tax consequences resulting from surrendering the policy.

If the potential Life Insurance buyer is insurable and doesn't have significant chronic illness issues, they normally will be able to qualify for the hybrid insurance product, benefits and premiums will be fixed at the time the contract is written, therefore eliminating future premium increases.

Several of the hybrid products have investment options that allow the policy holder to participate in the performance of an index, such as the S&P 500, but limit the risk by providing no loss in the policy holder's account during market declines. During those years where the index has a loss, the policy holder's account experiences no gain or loss.

Regarding your decision to purchase LTC coverage, it's important to consider how long-term care needs may affect your family and that there are several options available to consider for your LTC coverage other than the traditional LTC policies.

***Please don't wait until a crisis strikes!***

Edu4Retirement, Inc. specializes in providing retirement education and advice to our clients along with appropriate investment products to assist in mitigating retirement risk. Please think of us when it comes to retirement planning. We appreciate your referrals.

**Edu4Retirement, Inc.**

THE NATION'S MOST COMPREHENSIVE  
EDUCATION PROGRAM AT RETIREMENT

72 Queen Street • Southington, CT 06489 • 1.800.530.9896

Securities and advisory services are offered through  
Cetera Advisors LLC, member FINRA/SIPC.

Cetera is under separate ownership from any other named entity.