

# Start the LTC conversation

It's time to discuss funding options

Few decisions can affect your client's retirement income and estate plans as profoundly as the creation of a sound strategy to ensure adequate long-term care (LTC) funding.

While approximately 70% of Americans turning age 65 can expect to use some form of LTC during their lives,<sup>1</sup> fewer than one in four consumers are confident of having the resources to pay for LTC costs.<sup>2</sup>

## Consider these questions when examining LTC options for your clients:

<b>Funding</b>	<ul style="list-style-type: none"> <li>• How will this policy be funded?</li> <li>• What is the maximum affordable premium?</li> <li>• How many premium payments will be made?</li> </ul>
<b>Long-term care benefits</b>	<ul style="list-style-type: none"> <li>• How much long-term care is available per day/month/year?</li> <li>• What is the minimum benefit duration of this policy?</li> <li>• Is inflation coverage offered for younger clients?</li> <li>• Does the inflation protection cover all of the benefits?</li> </ul>
<b>Guarantees</b>	<ul style="list-style-type: none"> <li>• Are the premiums guaranteed?</li> <li>• Is the death benefit (if applicable) guaranteed?</li> <li>• Are the long-term care benefits guaranteed?</li> </ul>
<b>Policy provisions</b>	<ul style="list-style-type: none"> <li>• Is there an elimination period and how long is it?</li> <li>• Do you and your client(s) understand the illustrations?</li> </ul>
<b>Tax status</b>	<ul style="list-style-type: none"> <li>• Is this a qualified LTC plan (7702(b)) or chronic illness (101(g)(1))?</li> <li>• Does the client understand the difference? If so, is this important?</li> </ul>
<b>Payouts</b>	<ul style="list-style-type: none"> <li>• Is the monthly maximum capped due to other external factors (e.g., IRS per diem)?</li> <li>• Does the policy directly reimburse the client for expenses or pay on an indemnity basis?</li> </ul>
<b>Other considerations</b>	<ul style="list-style-type: none"> <li>• How will this policy be underwritten?</li> <li>• Is there a cash value or return of premium option associated with this policy?</li> <li>• Is there a residual death benefit?</li> </ul>
<b>Post issue and claims support</b>	<ul style="list-style-type: none"> <li>• What is the financial stability of the issuer?</li> <li>• Is there a clear claims process?</li> <li>• Does the issuer offer care coordination services?</li> </ul>

<sup>1</sup> U.S. Department of Health & Human Services, "Medicare & You 2015," [www.Medicare.gov](http://www.Medicare.gov), [www.medicare.gov/Pubs/pdf/10050.pdf](http://www.medicare.gov/Pubs/pdf/10050.pdf), published December 2014.

<sup>2</sup> Lincoln Financial, Long-Term Care Planning Survey, 2014. For a printed copy of the survey, call 877-ASK-LINCOLN.

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