



Long Term Care 101

Traditional LTC

Traditional long term care insurance (LTCi) is designed to help cover expenses of long term care (LTC) services not covered by health insurance, Medicare, or Medicare Supplement Insurance. Services include personal and custodial care in a variety of settings such as the home, adult day care facilities, assisted living, nursing facilities, or hospice.

Clearly defined benefit amount/period

Traditional LTCi policies typically have a defined daily or monthly maximum benefit, such as \$250 per day or \$7,500 per month. Additionally, the amount of time a traditional LTCi policy will pay a claim is based on a pre-determined benefit period, which is often anywhere between two and six years, but could extend to lifetime benefits.

Advantages of traditional LTCi

Receiving long term care can be expensive, and deciding on the best possible funding option for your situation is an important decision. Although premiums are not guaranteed and you may experience increases during the life of your policy, there are numerous advantages to owning a traditional LTCi policy, including:

1. Cost effective solution for funding LTC expenses
2. Cash alternative benefit, allows for services such as family members and non-licensed informal care providers
3. Flexible plan design with additional optional features
4. Optional return of premium rider¹
5. Potential tax deduction for individuals and businesses
6. LTC partnership qualified options
7. Discounts for couples, preferred health, and groups

Popular optional policy features

Among the most common optional features available on a traditional LTCi policy is the shared care option. Shared care provides each insured spouse coverage under his or her own benefit amount/pool, while allowing the option for one spouse to tap into the other's benefit should one of them require additional care. In addition, upon the death of the first spouse any unused benefit would be inherited by the remaining living spouse.

Another common optional feature is the Inflation Benefit Rider.¹ This rider enables the policy's benefit to increase over time with inflation. Several options are available when considering the inflation benefit rider, but the most commonly elected at this time is the 3% compounding option.

Partnership policies

The LTC Partnership Program is a federally-supported, state-operated initiative that allows individuals who purchase a qualified LTCi policy to protect a portion of their assets. The amount of the protected assets is equivalent to the policy benefits that were paid upon claim, which would have typically been needed to spend down prior to qualifying for Medicaid coverage.

 **Contact your insurance professional for more information about the benefits, features, and specific types of traditional LTCi available to meet your specific needs.**

LTCi 101 Series: Purpose of LTCi • Traditional LTCi • Linked Benefit LTCi Products • Common Myths of LTCi

¹Policy riders are available at an additional cost and may not be available for all products or in all states. Terms and conditions apply.

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