

## **Options for long-term care protection**

### **Traditional long-term care insurance**

In some cases, this is the most effective solution. Today's policies may be structured to provide care in the home, an assisted living center or a nursing home. There are even a few companies that offer shared-benefit policies where spouses can tap into the same pool of money. However, if budget, age or health conditions are an issue, other options may need to be explored (below). Additionally, many companies have recently stopped offering new policies due to rate increase restrictions and the cost of insurance.

### **Life insurance with a long-term care option**

There are several life insurance policies available today that provide an alternative long-term care rider in the event the need arises. For many people, this solution provides more peace of mind and often can be purchased using funds from an existing life insurance policy depending on your age and health.

### **Deferred fixed annuities with Income/Long Term Care rider**

Although income riders with deferred annuities have been out for some time, several insurance companies have recently introduced one with a long term care income option that doubles the payout for up to a 5 year period. This is a great alternative for those that want options for their future income needs. Additionally, no underwriting is involved so this is ideal for anyone that doesn't qualify for traditional LTC or Life insurance. There is also a fixed annuity with a 2X or 3X option with only a 15 minute interview and short questionnaire screening required. This product also qualifies under the Pension Protection Act for tax free benefits as well as a transfer from an existing annuity tax free.

### **Medicaid-friendly annuities**

Often, a person/couple is unable to afford LTC insurance or care but fear losing all their assets and the home by trying to qualify for Medicaid. In this case there are several alternative solutions to fund any potential LTC needs. One might be to protect what assets are left using Medicaid "friendly" annuities. These can provide income to the other spouse while care is being provided. They also possibly provide a death benefit outside of probate for the heirs. The laws are changing constantly, however, so we recommend talking to an estate attorney first.

### **Reverse mortgages for long-term care insurance**

Often, people do not want to leave or sell their home, and also want the option of leaving the home to the surviving spouse or heirs. Yet, they want to protect themselves with privately funded coverage should the need arise. In this case, a reverse mortgage may provide enough income to fund an LTC Insurance policy.

### **Self insuring**

Occasionally, a family has an estate with assets they wish to protect but do not want to take advantage of any of the above options. In these cases, you could easily self insure yourself, while protecting the balance of your assets. Additionally, another consideration is to have your children fund a long term care policy for your benefit if they can afford to.

### **Paying for Long Term Care Insurance**

There are many options available to pay for premiums with proper financial planning. One new method recently enacted as part of the Pension Protection Act allows taking an existing deferred annuity with tax gains and moving it into a special type of income annuity that pays the premiums directly, which has significant tax advantages.

**If you would like to be better educated on this important topic and explore your options, please contact;**

