

## Today's Long-term Care Coverage: Understanding the Fine Print

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Most advisors and clients understand the need for long-term care (LTC) coverage as part of a well-rounded financial plan. However, they are becoming more selective with the type of LTC coverage they want to invest in, looking for more flexibility than traditional LTC policies offer. As a result, insurers are offering alternative solutions to traditional LTC policies that meet the needs of today's expanding and diverse LTC clientele. But with these new LTC solutions comes the need for proper due diligence so their functionality and intricacies are clearly understood.

### Pressures on Traditional LTC

LTC planning is a trending topic of conversation in the financial services industry for several reasons. In the traditional LTC space, several large insurers and major LTC players recently exited this market due to challenging economics, such as low interest rates, and the decision to redirect their focus and resources to other product lines. According to the insurance consulting firm LIMRA, 10 of the top 20 individual LTC writers exited this market over the last five years.<sup>1</sup>

Another pressure leading insurers to exit the LTC market is increased life expectancies. Due to advances in health care, people are living longer and, therefore, increasing the percentage of LTC insureds that ultimately utilize policy benefits. According to the Centers for Disease Control, in the 1980s, when insurers began writing traditional LTC policies, the average life expectancy for men was age 70 and for women was age 77.<sup>2</sup> In 2013, the average life expectancy for men is age 76 and for women is age 82.<sup>3</sup>

Additional strain has been brought about by the fact that when these policies were originally designed, insurers failed to correctly project the cost of future LTC expenses surrounding the various covered maladies and disabilities. Insurers also anticipated and priced their products based on a certain assumed percentage of policy lapses, but over the past few years, lapse rates have been significantly lower than projected. This means that more insureds than expected have held their policies and made claims, and, therefore, insurer payouts have been higher than what was estimated when the pricing of these products was calculated.

All of these factors resulted in the availability of underpriced LTC products for many years. But there came a point at which insurers could no longer support that pricing and had to decide to either increase rates on new policies and, in some cases, for existing policyholders, or completely exit the market. The majority of insurers that decided to stay in the traditional LTC market dramatically raised rates, and these rate increases can continue to occur throughout the life of a traditional LTC policy. It is also expected that rates for women will significantly rise as early as 2013, as insurers begin to charge gender-specific premiums (versus the unisex pricing methodology used thus far). Insurers have generally had worse claims experience with females, because they live longer and often have no caregiver, therefore being more likely to utilize LTC benefits.

Even with the limited availability of traditional LTC policies and the rapidly increasing rates, advisors and clients are more aware than ever of the need to plan ahead for LTC and the financial risk associated with not having it in place. It is estimated that 70 percent of people

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over age 65 will need long-term care during their lifetime.<sup>4</sup> And it is not only an older person's need. About 1 in 7 people living in nursing home facilities in the U.S. are under age 65.<sup>5</sup>

## Hybrid/Linked-benefit LTC Policies

One alternative solution insurers designed is a "hybrid" or "linked-benefit" life insurance policy. These are life insurance policies that combine the benefits of a life insurance policy with that of a traditional LTC policy. These are usually purchased with a single premium that buys a smaller death benefit and a larger LTC benefit. The death benefit is typically around one-third of the total LTC benefit. Underwriting for these policies generally consists of a streamlined process that includes a short questionnaire and/or a telephone interview performed by an insurer representative. Additionally, underwriting decision turnaround time is significantly shorter than that of a stand-alone life insurance policy; a client will usually be notified of the decision within one to two weeks.

Clients purchasing this type of contract are most concerned with the long-term care aspect of the policy. However, the advantage to this type of policy is that even if the LTC benefit is never utilized, the money invested in the contract is not "lost," as the death benefit component of the contract is paid out to the beneficiaries. With traditional LTC policies, the client ultimately faces a situation in which they either "use it or lose it." This risk is eliminated with a life/LTC combination product as there is always some type of "payout." If the insured only utilizes a portion of the LTC benefit, any remaining benefit not needed for LTC needs will be paid as a death benefit to the beneficiaries. And even if all of the LTC benefit is utilized, the majority of these policies will pay out a "residual death benefit" that is generally a predetermined percentage of the initial death benefit, e.g., 10 percent. Many of these contracts also offer a guaranteed return of premium feature and many similar features to that of a traditional LTC policy, such as an elimination period and inflation protection options.

One aspect of these contracts that some may consider a restriction is that they are all "reimbursement plans." With a reimbursement plan, bills and receipts must be submitted every month, and, regardless of what the maximum LTC benefit is, this payment plan will never pay more than the total qualifying LTC expenses incurred by the insured. Some insurers will allow the service provider to bill them directly, and the insurer will provide direct payment to the service provider. However, others require that the policyholder pay the service provider and submit all the bills and receipts to the insurer for reimbursement. This may mean that there will be situations in which the insured will have to pay certain ineligible services out of pocket. However, an advantage to this type of plan is that if the total bills are less than the maximum LTC benefit, only the amount for the qualifying LTC expenses will be paid, therefore stretching out the LTC benefit and providing coverage for a longer period of time.

## LTC Riders

In some scenarios, especially in estate planning cases, LTC coverage is a secondary need but still a concern as clients and advisors understand that unplanned LTC expenses can have a devastating impact on a person's finances, even for those in the ultra-affluent space. With this clientele in mind, insurers created another traditional LTC alternative in the form of LTC and Accelerated Death Benefit for Chronic Illness riders that can be added to life insurance policies.

A rider is a life insurance policy provision that is purchased separately from the base policy and that provides additional benefits at an additional cost. An LTC or Accelerated Death Benefit for Chronic Illness rider allows the insured to accelerate the life insurance policy's death benefit on a tax-free basis to pay for qualifying expenses as defined in the policy. Any amount paid out for these expenses reduces the policy's death benefit. Once the acceleration begins, the death benefit is generally reduced "dollar for dollar," and the cash value is reduced proportionately. However, insurers may have different methods of adjusting the death benefit and cash value. The benefit amount is typically based on a pre-determined amount (in most cases the full death benefit amount) and is usually paid out as a percentage of the death benefit each month.

These riders tend to offer more flexibility than traditional LTC policies and even more than life/LTC combination policies because they are available on a variety of life insurance products fitting multiple life insurance needs, and a large part of these riders offer payment in the form of "indemnity." Indemnity plans are different from reimbursement plans in that they pay out the maximum benefit stipulated in the policy regardless of the actual expenses. No bills or receipts are needed to justify the payout of the benefit to the insured. Once the insured provides evidence of qualifying for the benefits and the elimination period is satisfied, the maximum benefit is paid out by the insurer. It is important to keep in mind that not all of these riders are indemnity. Some riders utilize the reimbursement model. Therefore, it is important to evaluate which is the best option for each client.

More and more insurers are incorporating LTC and Accelerated Death Benefit for Chronic Illness riders into their life insurance product portfolios, as advisors and clients gravitate toward these options as their LTC solution of choice

because of their flexibility. However, there are a lot of caveats and differences within these options that advisors need to be aware of so they can present their clients with an adequate understanding of what they are purchasing and ensure they find the best solution for each client.

## LTC Riders vs. Accelerated Death Benefit for Chronic Illness Riders

It is important for clients and advisors to understand the basics of these two options.

### Understanding LTC Riders

LTC riders are classified as 7702B in the tax code. To sell an LTC rider, most states require that the advisor/agent be LTC licensed, but requirements vary by state. For an insured to qualify for LTC rider benefits, they must meet the basic definition of chronic illness, which requires a physician or other licensed health care practitioner to certify that the insured is unable to perform at least two Activities of Daily Living (ADLs) or requires substantial supervision due to severe cognitive impairment.

There are six ADLs:

- 1. Bathing** – The insured's ability to wash by sponge bath, or in a tub or shower, including the task of getting into or out of the tub or shower.
- 2. Continence** – The insured's ability to maintain control of bowel or bladder function, or, when unable to maintain control of bowel or bladder function, the ability to perform associated personal hygiene (including caring for a catheter or colostomy bag).
- 3. Dressing** – The insured's ability to put on and take off all items of clothing and any necessary braces, fasteners or artificial limbs.
- 4. Eating** – The insured's ability to get food into the body from a receptacle (such as a plate, cup or table) or by a feeding tube or intravenously.
- 5. Toileting** – The insured's ability to get to and from the toilet, get on and off the toilet, and perform associated personal hygiene.
- 6. Transferring** – The insured's ability to move into or out of a bed, chair or wheelchair.

Cognitive impairment is generally defined as a deficiency in: a person's short-term or long-term memory; orientation as to person, place and time; deductive or abstract reasoning; or judgment as it relates to safety awareness. There are various questionnaires and other testing methods used by insurers to determine if the insured requires substantial supervision due to severe cognitive impairment.

LTC riders are available at an additional fee, which is added to the initially calculated premium cost for the base life insurance policy. The total LTC benefit is determined at issue. Some carriers also offer an Extension of Benefit rider that, added to the LTC rider, provides coverage for an extended period of time, even after the initially determined LTC benefit is depleted. LTC riders are available either as an indemnity or reimbursement plan, depending on the model the insurer selects.

### Understanding Accelerated Death Benefit for Chronic Illness Riders

Accelerated Death Benefit for Chronic Illness riders are classified as 101(g) in the tax code and may not be referenced as LTC riders. Since these riders are not considered LTC products, agents do not need to be LTC licensed to sell them. Qualification for the benefits associated with this rider are similar to that of an LTC rider. The insured is certified by a licensed health care practitioner as unable to perform two ADLs or suffering from severe cognitive impairment.

These riders are available either for an additional charge that is added to the total policy premiums or via a "discounted acceleration" option. With the discounted acceleration option, the client can add the rider to the base life insurance policy at no additional cost. Once the benefit is needed, the total benefit "pool" (i.e., death benefit) is reduced or discounted based on several factors, including the client's age, gender and risk class, along with interest rates and policy cash values at the time the claim is made. For this reason, the total benefit amount cannot be determined until benefits are needed and a claim is made. This methodology spares clients from paying the rider charges unless the rider is needed, but depending on when the claim is made, could significantly reduce the total available benefit pool. Accelerated Death Benefit for Chronic Illness riders are only available as an indemnity plan. Since they are not considered an LTC product, reimbursement plans are not available.

## The Fine Print

Although at first glance these two rider options seem relatively similar, there are some key differences and important details that advisors and clients must be aware of before choosing one of these LTC solutions.

### Qualifying Length of Chronic Illness

With an LTC rider, the qualifying condition may be fully recoverable; it does not have to be considered a permanent chronic illness. Examples of a recoverable condition are a mild stroke, knee surgery, hip replacement and back surgery. Overall, these are temporarily disabling conditions that would lead an insured to be unable to perform at least two ADLs (such as bathing, eating, transferring), but over time would heal, allowing the insured to return to their normal activities and lifestyle.

With an Accelerated Death Benefit for Chronic Illness rider, it is generally required that a physician certify the chronic illness as permanent, meaning that it is a non-recoverable condition that will more than likely last for the rest of the insured's life. It is very important that clients understand this difference, as aforementioned guidelines for the Accelerated Death Benefit for Chronic Illness rider may be a limitation that some clients are not comfortable with.

### Covered Benefits/Expenses

Both LTC and Accelerated Death Benefit for Chronic Illness riders have limitations on what is considered covered or qualified care. To accelerate the death benefit, the client must first qualify for the benefits by meeting the aforementioned definition of chronic illness (two ADLs or severe cognitive impairment). And in most cases, there must be documented evidence of the insured's illness or impairment, and a detailed description of any care and services received by the insured (e.g., medical records, service providers' notes on care, itemized bills). Most insurers also require a "Plan of Care," a written plan for services designed specifically for the insured. The plan must specify the type, frequency and providers of all the services the insured requires and be approved by a licensed health care practitioner.

Once these requirements are met and the elimination period satisfied, the rider benefits are available to the client to help cover the costs of qualified care. Most insurers have specific guidelines as to what they consider qualified care. These generally include:

- Nursing home care
- Adult day care
- Hospice care and other qualified long-term care facilities
- Home health care
- Respite care

Qualified care generally also includes expenses related to room and board at any one of these facilities. However, there is no standard across the industry of what an insurer must consider qualified care, and each insurer may have varying stipulations to these general guidelines. For example, one insurer may cover home health care provided by a family member of the insured, while another may require that home health care be provided by a licensed health care practitioner, such as a registered nurse employed by a licensed home health care agency. With an indemnity plan, the insured has more flexibility with the rider proceeds after they qualify for the benefits. Excess funds not needed for qualified care can be used to cover other expenses, such as physician charges, hospital and laboratory charges, prescription and non-prescription medicine, medical supplies, medical equipment, transportation, home improvements to help the insured with their disabilities and limitations (e.g., wheel chair accessibility) and any other incurred expenses.

With the reimbursement plan, the insured will only be reimbursed for the actual charges they receive for qualified care provided by an approved facility or provider. Insurers typically also have specific exclusions for which they will not provide benefits, such as: care for intentionally self-inflicted injury, care required as a result of alcoholism or drug abuse, care due to war injuries and care required as a result of an insured's participation in a crime. Insurers will also typically not provide a benefit if there has been a "duplication of benefits," which occurs when expenses are covered under other plans, such as certain government programs, workers' compensation, employer's liability, another LTC insurance policy or a health insurance policy.

### Recertification of Benefits vs. Renewal of Benefits

All LTC and Accelerated Death Benefit for Chronic Illness riders require recertification. In most cases this is done annually, but the frequency may differ by insurer. The recertification process typically consists of written certification by a licensed health care practitioner certifying that the insured is still unable to perform at least two ADLs and/or that the insured requires substantial supervision due to severe cognitive impairment. Recertification requirements must be received as requested by the insurer and approved. Otherwise, payment of benefits can be discontinued. Some insurers cover the cost of any necessary medical examination and documentation for the recertification; however, in some cases the insured will need to cover these expenses.

With an LTC rider, once recertification requirements are approved, the insurer will recertify and continue the claim. There is no need to “renew” a claim or restart the benefit unless the insured previously recovered and is starting a new claim on the policy. With an Accelerated Death Benefit for Chronic Illness rider, in addition to recertification, insurers also require a renewal of the claim, which includes all necessary claims forms and any other requirements outlined by the insurer. The insured will not need to satisfy a new elimination period but does need to provide all renewal documentation before the start of the next benefit period. This information must be provided in a timely manner so as to allot the insurer sufficient processing time and ensure the insured does not experience a gap in benefits. Additionally, many insurers that offer the Accelerated Death Benefit for Chronic Illness riders will charge the insured a fee to renew the claim for each new benefit period.

## Trust-owned Policies

Life insurance is commonly used as an estate-planning vehicle, and in many of these cases, trusts are incorporated into the plan. Irrevocable trusts, such as an irrevocable life insurance trust (ILIT), are frequently appointed as the owners of a client's life insurance policy to keep the death benefit out of the estate and, therefore, exclude the life insurance proceeds from the taxable estate of the client. One benefit, among many, this structure offers is that the life insurance proceeds paid to the ILIT can then provide an otherwise illiquid estate with much-needed liquidity to pay estate taxes and other obligations without increasing the estate tax liability.

For clients with potential estate tax liabilities who are also concerned about possible LTC needs, a life insurance policy owned by an ILIT with the addition of an LTC or Accelerated Death Benefit for Chronic Illness rider may be used to fund their future care needs while still providing liquidity for estate tax liabilities. However, in these cases, it is preferable for the rider to be indemnity and not reimbursement.

With an ILIT, the insured names a trustee who is granted all authority over the life insurance policy, thus fulfilling the “irrevocable requirement” of an ILIT. It is important that the insured does not retain any “incidents of ownership” over the policy, as this could cause the insurance proceeds to be included in the insured's estate for estate tax purposes. Life insurance “incidents of ownership” include the outright ownership of the policy and the right to make any changes to the policy or benefit in any way from the policy. A rider with a reimbursement plan could lead to the insured retaining incidents of ownership because the bills for the care of the insured are typically submitted to the insurer by the trustee, serving as the policyowner. The insurer would then pay the bill to the service or care provider on behalf of the insured. This sequence of events would inherently provide a direct benefit to the insured and, therefore, revoke the benefits of the trust, which could lead to the entire trust being included in the insured's taxable estate.

It is important to note that a reimbursement plan can be used in an ILIT if the benefits are reimbursed directly to the policyowner, in this case, the trustee. However, indemnity plans are generally the preferred option because the benefits are always paid directly to the policyowner, not the service provider. Therefore, the insured never benefits directly. The benefit that is paid is essentially just adding additional funds to the trust. The insured would then have to pay their care expenses directly from their estate assets, but this can be advantageous as it would further reduce their estate tax liability at death. Any trustee considering owning a life insurance policy with either an LTC or Accelerated Death Benefit for Chronic Illness rider, whether it is an indemnity or reimbursement plan, should educate themselves on the particulars of these riders. It is important to understand that the money can never be used for the benefit of the insured directly, except via a loan or other permissible access.

If the insured would like to have access to the benefit paid to the trust to pay for their expenses, they can utilize a specific type of ILIT called an ultimate life insurance trust (ULIT). A ULIT is a “defective” trust that allows the insured to access funds from the trust using arm's-length, fully collateralized loans that are charged an interest, which is either allowed to accrue or paid back prior to the death of the insured to avoid taxation, and backed by an agreement to fully pay back the debt. At the insured's death, any remaining death benefit would be paid to the trust by the insurer, and before estate taxes are determined, the insured's estate would repay the loan to the ULIT. The trust assets, including the life insurance proceeds and the repaid loan and interest, could then be distributed tax-free to the trust beneficiaries or used to pay estate taxes and any other obligations.

## Indemnity Plans That Require Submission of Receipts

There are some riders that, although labeled an indemnity plan, do require an insured to submit evidence of receipt of qualified services to the insurer at a specified frequency (e.g., monthly) during the benefit period. In these cases, the insured will still receive the maximum benefit stipulated in the policy, as is customary with an indemnity plan, but will need to submit this evidence to continue receiving the benefits.



## Lapse Protection

When an insured begins to receive benefits from either an LTC or Accelerated Benefit for Chronic Illness rider, some insurers make certain arrangements in regard to required premiums and charges (i.e., monthly deductions) to avoid the policy from lapsing. Some insurers will no longer require premiums and waive the LTC or Accelerated Death Benefit for Chronic Illness rider charges, but will continue to deduct the base policy charges from the policy, unless the policy has a rider that specifically waives charges if certain conditions are met (e.g., Disability Waiver of Monthly Deductions rider).

Additionally, some carriers stipulate that as long as the policy is on claim (i.e., the rider is being utilized), even if the policy value is insufficient to cover monthly deductions, benefit payments will continue until the maximum benefit amount is exhausted, assuming the insured continues to qualify for payments under the rider. These provisions will prevent the policy from lapsing while the insured is in need of the benefits. However, if the insured no longer needs the benefits, premiums may be required to keep the policy in force. Some insurers also have provisions that, at a certain point, provide the client with what can be considered a "paid up" policy. This generally occurs when there is the availability of a residual death benefit. In these cases, once the maximum benefit amount is paid out, no further premium payments or monthly deductions are taken, but the residual death benefit is paid out to the beneficiaries at the death of the insured.

There are also carriers that do not provide any type of lapse protection and for which premiums will be required even when the policy is on claim. The policy will lapse if premiums are not paid, and the insured will lose all benefits of the policy (e.g., death benefit, rider benefits). Some insurers may be a little more lenient and not completely waive premiums or charges, but may reduce premium requirements while the policy is on claim. There may also be some very specific guidelines surrounding the availability of lapse protection. For example, some insurers will only provide lapse protection if the insured and the owner of the policy are the same person. Others will only provide lapse protection if the insured is receiving care in a qualified facility.

It is also important for clients to be aware that loans and withdrawals taken after acceleration of the death benefit has begun generally will terminate the rider and the lapse protection. The guidelines surrounding lapse protection are at the discretion of the carrier. It is imperative that clients and advisors thoroughly understand these guidelines before entering into any life insurance contract.

## Underwriting Restrictions

Some Accelerated Death Benefit for Chronic Illness riders are automatically included with a policy and, therefore, there is no upfront cost for these riders and, in most cases, no additional underwriting done to include the rider on the life insurance policy. For LTC and Accelerated Death Benefit for Chronic Illness riders for which there is an upfront cost, insurers will generally require that additional underwriting be done to ensure the insured qualifies for the rider.

When the insured applies for the base life insurance policy, they also apply for the rider. However, approval for the life insurance policy does not mean automatic approval for the rider. Most insurers have specific underwriting guidelines for prequalification of the rider. For example, an insurer may only allow the addition of the rider for an insured that has been rated "standard" or better for the base life insurance policy and not allow any insured that has been "table rated" (also referred to as "substandard") to purchase the rider. Additionally, separate medical and financial underwriting (separate from what is required for the base life insurance policy) may be done to further evaluate qualification for the rider.

## International Benefits

Some clients experience the need for the rider benefits while they are out of the country either because they decided to move outside of the U.S. after purchasing the coverage or are traveling when the need occurs. Several insurers that offer LTC or Accelerated Benefit for Chronic Illness riders will provide the rider benefits even if the insured is outside of the U.S. However, there are certain guidelines to keep in mind. Most carriers that provide international coverage require that the recertification takes place in the U.S. Some will allow the recertification to take place outside of the U.S. but require that it be done by a U.S. licensed health care practitioner. Additionally, some carriers require that any facility or home health care service agency or provider utilized for care outside of the U.S. be U.S. licensed.

## Tax Consequences

LTC and Accelerated Death Benefit for Chronic Illness riders are intended to be tax qualified, but under certain circumstances, the rider benefits may be taxable. Generally, income exclusion for all benefit payments from all sources to the insured will be limited to the higher of:

- The Health Insurance Portability and Accountability Act (HIPAA) per diem limit, which is the maximum daily benefit used in determining the maximum monthly benefit and established by the Internal Revenue Service annually on Jan. 1 (for 2013 this limit is \$320 a day), or
- The actual costs incurred by the insured or by the policyowner on behalf of the insured (if insured and policyowner are not the same).

If the insured has more than one policy that will provide LTC or chronic illness benefits, receipt of benefit payments must be aggregated to determine taxability. To the extent aggregate benefits for the insured received from all sources exceed the tax law limits, the excess benefit amount will be taxable as ordinary income to the recipient. Additionally, charges associated with the rider may be taxable if the policy is a modified endowment contract and there is gain in the policy at the time the charges are deducted, or if the cost basis of the policy goes below \$0 because charges are considered to be distributions from the policy for federal income tax purposes.

The ownership structure of the life insurance policy with the rider will also affect how the benefits are taxed under various tax provisions (e.g., income tax, gift tax, estate tax). Careful consideration should be given to all situations where the owner and insured is not the same person, and particular consideration should be given to business-related scenarios. Insureds or policyowners who collect benefits outside of the U.S. must also determine if those benefits will be subject to U.S. taxation, taxation from the country they are residing in or any other form of tax consequence. This information is based on a general understanding of current federal income tax rules and is not intended as legal or tax advice. Clients should consult their attorney or tax advisor for answers to specific tax questions.

## Other Considerations

There are a few other aspects of these riders and their underlying policies that must be considered when determining the best solution for clients.

- **Residual Death Benefit Availability** – With an LTC rider, the full death benefit can be paid with the possibility of the availability of a residual death benefit exceeding the original death benefit. With an Accelerated Death Benefit for Chronic Illness rider, no residual death benefit exceeding original death benefit is paid out.
- **Maximum Amount of Available Benefit** – Insurers have varying guidelines as to the maximum amount of benefit that is available to the client. This is either determined as a maximum monthly benefit, as a percentage of the total death benefit or as a specific dollar amount, e.g., \$1 million. Clients should purchase the rider that will provide them with sufficient benefits at the time of need.
- **Maximum Face Amount per Policy** – Some insurers have limits on the maximum amount of death benefit they will permit with a policy that includes an LTC or Accelerated Benefit for Chronic Illness rider. For example, an insured may stipulate that the maximum face amount on the base life insurance policy with the rider is \$1 million, and the insured would have to purchase a separate policy if they require a death benefit greater than that amount. The separate policy will not have the rider.
- **Claims Processing** – Insurers have varying methodology in regard to the claims process associated with these riders. Once it is necessary to make a claim, the first step is to reach out to the insurer and notify them that the insured would like to start receiving the rider benefits. It is important that the insured or anyone assisting them in the claims process completes all necessary paperwork and any other requirements, as dictated by the insurer, in a timely and orderly manner so that the rider benefits can be received as soon as the elimination period is met.

All of the differences and details should be considered and carefully evaluated when advisors and clients are determining whether or not an LTC or Accelerated Death Benefit for Chronic Illness rider is the best LTC solution for a particular situation. Additionally, the varying guidelines may make one rider more suitable than another based on a client's LTC planning needs and expectations. Every aspect of these riders and of all other LTC solutions, such as a stand-alone LTC policy or a life/LTC combination policy, needs to be examined and understood before entering into a contract.

## Summary

Long-term care planning should be a key topic of discussion when working with clients to plan for their retirement and estate planning needs. Although there is no “one size fits all” LTC solution, there are a lot of different options clients can choose from and customize to address their circumstances, preferences and planning goals. To determine what the best LTC solution is for each individual client, it is extremely important that agents and advisors thoroughly understand all of today's various LTC options and the intricacies associated with each.

## Footnotes

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1. Allison Bell. “Prudential Drops Individual LTCI.” LifeHealthPro. March 7, 2012.
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