

COMPARING LTCI POLICIES: THE SMALL DETAILS MAKE BIG DIFFERENCES



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Basics

- **Key Planning elements:**
 1. **Benefit Amount**
 2. **Benefit Period (pool of \$)**
 3. **Inflation**
 4. **Elimination Period**
- **Two ways to pay:**
 - **Traditional = “Defined Benefit”**
 - **Linked Benefit = “Defined Contribution”**

Linked Benefit



- **Different way to pay**
 - “Defined contribution”
 - \$50,000 single premium
 - \$100,000 death benefit
 - \$300,000 LTCi benefit (\$4,200/mo for 6 yrs)
- **Death Benefit if don’t need LTC**
- **Cash Value**

Linked Benefit



- **Design approaches**
 - $UL = \text{Premium} + DB + LTCi$
 - $DB \text{ acceleration} = \text{Premium} + DB$
 - $DB + LTCi \text{ rider}$
- *“A smarter way to self-insure”*
- **Use it or lose it mentality (DB & CV)**
- **Rate increase concerns ... “1-and-done”**
- **Partnership?**
- **Business owner deduction?**

Cash Benefit



- **Difference approaches:**
 - **Full Cash**
 - **Additional Cash Rider**
 - **Cash Alternative**
- **Uses**
 - **Future trends in caregiving**
 - **Informal care (including family)**
 - **Flexibility**

Shared Benefits



- **Different approaches**
 - **Design**
 - **Premium for survivor**
- **Partnership?**
- **Shared Benefit uses**
 - **1st-to-be-disabled**
 - **Shared vs. lifetime ... how much is enough?**

Shared Benefits



- **Shared Care for the right reasons**
 - **Couples can't self-insure**
 - **Every care expense is “extra”**
- **1st-to-be-disabled**
 - **Who cares if the 1st uses it all up?**
 - **Leaves the entire portfolio/income to the survivor who can then self-insure as a single**
- **Bet wrong (1st one dies needs little to no care) survivor ends up with more benefit for less \$**

Shared Benefits



- **\$200/day (\$6000/month) x 10 years = \$720,000**
- **With 5% compound,
benefit doubles every 15 years**
- **55-year-old couple gets: \$1,440,000 @ 70
 \$2,880,000 @ 85**
- ***“Is that enough?”***
- ***“Would you like to see the unlimited plan?”***

Inflation Options



- **Lower % (2%, 3%, 4%)**
 - **Compound = Partnership qualification**
 - **Design for premium**
- **CPI-linked**
- **“Tiered” (5% changes to 3% @ 61...)**
 - **For Partnership qualification**
- **Purchase options**

Future Trends



- **Outside the box**
- **80/20**
 - **Total benefit limit, e.g. \$400,000**
 - **NO daily/monthly benefit limit. 80%**
 - **“Built-in inflation”**
 - **Use it fast ... or stretch it out**



THANK YOU!