

HYBRIDS: LIFE/ LONG TERM CARE INSURANCE



Hybrids, also known as linked benefits, asset based care, and combination insurance, are just that: insurance policies that combine two solutions into one, allowing dollars to do double duty. Hybrid life/long term care insurance (LTCi) combines permanent life and an LTCi rider with guaranteed premiums.

WHAT DO CAR ACCIDENTS, HOUSE FIRES, ALLERGY SHOTS, AND LONG TERM CARE INSURANCE HAVE IN COMMON?

We pay auto, homeowners, and health insurance without a second thought. But we don't hope for a car accident, house fire, or allergic reaction to happen, ensuring we get our money's worth from premiums. Paying for something we may never use seems to be the number one concern when considering the purchase of long term care insurance. Yet the number of people receiving LTC services increases every year because of the medical advances that allow us to live longer.

Being above average can hurt.

The pocketbook, that is. The average length of stay in a nursing home is three years.

NATIONAL AVERAGE COST OF THREE YEARS OF CARE:

2015: \$262,800

2044 Projection: \$700,000

Most people probably don't want to spend down their nest egg or rely on Medicaid (which limits where and how care is received). But they do want to ensure they can get quality care if it's needed and guarantee a fulfilling legacy for their loved ones.

The benefits.

Got \$100,000 earmarked to pay for long term care costs? Purchasing a hybrid life/LTCi policy with the \$100,000 (or part of it) leverages that asset, and the pool of money available for LTC benefits or life insurance death benefits could immediately triple or quadruple.

While hybrid life/LTCi policies don't have all the bells and whistles of traditional LTCi policies, they do have options to choose from when designing the right protection:

- Funding: single premium, level pay, payments for a defined amount of time, 1035 exchange cash value from an existing permanent life insurance policy
- Elimination period: often called the deductible or waiting period, choose from 0 days to 365 days
- Benefit amount: choose reimbursement or indemnity
- Benefit period: the number of years benefits can be paid, ranging from 2 years to lifetime
- Inflation option: protection from rising LTC costs; choose 3% or 5%, compound or simple
- Benefits that emphasize death benefit or LTC benefit

The ideal hybrid life owner.

- Like the idea of LTCi but don't want to pay for something they may never use
- Planned to self-insure and have other assets set aside (CDs, savings, bonds)
- Have an existing cash value life insurance policy no longer needed
- Don't qualify for traditional LTCi
- Looking for tax-free benefits



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(we recommend low-load permanent life insurance and annuities when possible)

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