

NON-TRADITIONAL FAMILIES & INSURANCE



THE AMERICAN FAMILY.

It used to be defined as mom, dad, kids. But today, that “traditional” American family represents fewer than 20% of households, down from 40% in 1970.

Today’s modern American family looks very different, and their needs are just as different:

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| Multi-generational | Estate equalization among generations |
| Single-parent | No partner to provide LTC or to be beneficiary (may need trust in child’s name); no second income if disabled |
| Blended | Spouses agreeing on treatment of family members & estate equalization |
| Older parents with young children | Must plan sooner & may have more assets to protect than younger parents |
| Boomerang | Children were self-sufficient, may now need protection |
| Unmarried or Same-sex | Financially vulnerable because some states don’t consider them next of kin; can’t transfer assets tax-free when partner dies; typically can’t rely on survivor benefits from Social Security or some corporate pension plans after partner’s death; many group healthcare plans lack provisions for unmarried partners |

MODERN SOLUTIONS FOR THE MODERN AMERICAN FAMILY.

LLIS works with fee-only financial advisors to design unique solutions for non-traditional client families. Here are some examples of solutions we develop:

Life insurance.

Guaranteed universal life (GUL): Policies that enable high-income earners to guarantee a death benefit and a premium for a policy owned by an irrevocable life insurance trust (ILIT). The death benefit is not included in the estate and is available to provide ongoing income for the one left behind.

Low-load accumulation UL (AUL): If an unmarried couple separates and no longer needs the insurance that protected each other from loss of income, this policy allows the owner to recover nearly all premiums paid with no surrender charges.

GUL and AUL are available in both individual policies and survivor universal life (SUL) policies covering two people (who do not have to be married or from the same generation).

Accelerated death benefit (Living Benefit): Option on term and UL policies to prepay a portion of the death benefit if the insured person becomes terminally ill.

Pension maximization: When funded with a life insurance policy, protects both partners when a pensioner can’t name an unmarried partner as beneficiary. Pensioner can take a life-only option for distribution and plan on life insurance proceeds to replace the income stream for the surviving partner. Term and permanent policies can be layered to reduce premium costs. *(To learn more about Pension Maximization, click here)*

Annuities.

A Single Premium Immediate Annuity (SPIA) can guarantee a partner’s income for life with a joint & survivor option that provides monthly payments after the insured partner dies.

Disability insurance.

Disability insurance (DI): Helps partners live comfortably if disaster strikes. Non-traditional couples must take steps to protect their assets (especially their home) in case one partner becomes temporarily or permanently disabled. Disability insurance protects both partners’ ability to earn a living, and can also protect retirement plan contributions. Catastrophic disability riders can protect income even when an illness or accident requires long-term care.

Critical illness: Upon diagnosis of covered illness, pays policy owner a lump sum (can be used any way policy owner chooses).

Long term care insurance.

Long term care insurance (LTCi): Enables partners to grow old together by protecting the assets they’ve worked so hard to earn while reducing their financial risks. Married couples’ homes are excluded from Medicaid eligibility calculations; unmarried couples’ homes are not. With LTCi policies, these unmarried partners can cover ongoing acute care without selling their home, and the injured or ill partner can be cared for at home (a benefit not generally available with Medicaid). LTCi also offers shared care, allowing partners (regardless of marital status) to access each other’s benefits.

Hybrid Life/LTCi: Begins prepayments of the death benefit if an insured partner is unable to perform two activities of daily living.

Hybrid Annuity/LTCi: Repurpose an existing annuity to do double duty. Can insure two people with one policy.

News feeds are filled with families squabbling over and contesting wills. Life, disability, and long term care insurance, along with annuities and hybrids, are legal contracts controlled by the policy owner. They’re powerful tools to build a secure future for today’s families.



The advisor’s insurance advisor.®

YOUR ONE-STOP INSURANCE RESOURCE FOR

Term Life | Permanent Individual & Survivorship Life | Annuities | Disability | Critical Care
LTCi | Hybrid Life/LTCi | Hybrid Annuity/LTCi | Policy Reviews | Life Settlements

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

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