

Linked Life/LTC plans combine life insurance with tax-qualified long-term care insurance.

Did You Know?

- At age 65, there is a 70% chance that your clients will require some form of Long-Term Care. Yet fewer than 10% currently carry some form of Long-Term Care insurance. Of the 70%, 1 in 5 will require Long-Term Care for more than 5-years.
- Medicare only pays for short term periods of care; typically, only up to 100 days after discharge from the hospital. More significantly, it does not pay for Long-Term Care at home or in a nursing home when this care is primarily personal care services or custodial care.
- High-Net-Worth clients may have the assets to self-insure for Long-Term Care expenses, should the need arise. But they may not realize that there could be a hidden cost to self-insuring in the form of estate taxes due on the funds left untouched. Self-insuring Long-Term Care requires assets to be left accessible within the estate. However, those assets could be subject to potential estate taxes up to 40% if a client has little to no Long-Term Care expenses.

What if there were a more efficient option, one that repositions the assets into two policies, leveraging assets for Long-Term expenses, providing retirement income and protecting asset growth in down markets.

Concept Example: Male Age 60

Annuity

				Your Account Summary			
EOY	AGE	Premium	Withdrawal	Interest Credited Rate	Interest Credited	Account Value	Death Benefit
At Issue	60	\$200,000				\$200,000	
1	61		\$10,000	11.68%	\$23,369	\$213,369	\$213,369
2	62		\$10,000	6.29%	\$23,413	\$216,782	\$216,782
3	63		\$10,000	7.42%	\$16,084	\$222,866	\$222,866
4	64		\$10,000	5.02%	\$11,183	\$224,049	\$224,049
5	65		\$10,000	11.84%	\$26,519	\$240,049	\$240,049
6	66		\$0	9.14%	\$21,983	\$262,551	\$262,551
7	67		\$0	4.89%	\$33,650	\$296,201	\$296,201
#12	72		\$0	8.23%	\$30,693	\$372,970	\$372,970
#13	73		\$0	5.93%	\$23,928	\$403,663	\$403,663
#14	74		\$0	1.84%	\$7,873	\$427,591	\$427,591
#15	75		\$0	8.16%	\$35,545	\$435,463	\$435,463
*27	87		\$0	13.51%	\$105,133	\$883,354	\$883,354
**28	88		\$0	0.00%	\$0	\$883,354	\$883,354
*29	89		\$0	10.94%	\$96,652	\$980,006	\$980,006
*30	90		\$0	0.80%	\$7,858	\$987,864	\$987,864
		\$200,000 Total Premium	\$50,000 Total Withdrawals	6.30% Average	\$837,864 Total Interest Credited		

#Recapping Years 12 to 15 *Recapping Years 27 to 30 ** Negative market crediting reflecting 0 crediting loss.

Linked Benefit Providing Long-Term Care Benefits

Proposed Insured	Male, age 60, Non-Tobacco
Premiums Paid from Annuity	\$50,000 Premium Paid Over 5-Years
Inflation Protection Option	3% Compound
Long-Term Care Benefit Period	Total Minimum 6-Years Acceleration for Long-Term Care Benefit Period: 2 Years Extension of Long-Term Care Benefits Period: 4 Years
Day 1: Tax Free Long-Term Care Benefits	Total \$167,406.72 Monthly \$2,156.72 Annual \$45,743.36
Age 80: Tax Free Long-Term Care Benefits	Total \$302,355.24 Monthly \$3,895.28 Annual \$46,745.36
Death Benefit	\$51,761
Guaranteed Minimum Death Benefit	\$5,176
Return of Premium Benefit	\$50,000
Death Benefit Qualification Test	CVAT
Modified Endowment Contract (MEC)	Yes