

ASSET-BASED LIFE & LONG TERM CARE INSURANCE

Create financial leverage, not a false sense of security

If you can't stomach the idea of paying regular premiums to cover your long-term care (LTC) risk, there may be an alternative. With a single premium payment, you can buy a long-term care benefit that's linked to a life insurance policy or a fixed annuity.

Here's how it works. You take money out of your existing emergency fund and use it to buy either a deferred fixed annuity or a life insurance policy with a *linked* long-term care benefit. With the deferred annuity, you get competitive growth on your money plus LTC benefits if needed. If not, the money is there for your heirs upon your death.

Or, use the same strategy to buy a life insurance policy with an LTC benefit.

This approach gives you a death benefit that is significantly more than the premium you paid.

Say a \$100,000 death benefit for a single \$50,000 premium (actual benefit based on age and health status).



You enjoy tax-deferred interest on your cash value, plus LTC coverage equal to-or in some cases, a multiple of-the death benefit face amount.

Consider these benefits:

- Replace multiple regular premiums with one lump sum payment.
- Create a tax free inheritance.
- Avoid the perceived loss of premiums if you don't ever need LTC.
- Build equity by accruing tax deferred interest until you withdraw the money.
- Preserve money not used for LTC for your heirs by leveraging that money to increase your estate.

That sounds pretty good. With either product you've created more money-financial leverage-for LTC needs than you had before.

But, by combining LTC insurance with a fixed annuity or a life insurance policy, you get a diluted version of each linked element. That's why you should proceed with caution.

Examine the terms of the annuity or life insurance policy to make sure you're getting good value for your money. We recommend only companies with a high COMDEX rating.

Then scrutinize the LTC insurance piece on its own merits. How does it compare with stand-alone LTC insurance? Could the money you spend on LTC be better used elsewhere? Will the benefit triggers allow easy access to your LTC money when needed?

Before choosing either of these asset-based LTC options, consult with your advisor to make sure you understand all of the applications of these insurance choices.