
All of us can be financially and emotionally impacted by providing long-term care to a loved one. The topic of long-term care can be an uncomfortable one, but waiting to have "the discussion" can lead to catastrophic consequences. More importantly, how you can purchase long-term care coverage has evolved. There are numerous ways to purchase long-term care insurance.

1. **__Traditional Long-Term Care__** – Where an individual purchases a pool of funds payable based upon a daily/monthly benefit. The LTC benefit once an insured goes on claim are payable for a period of years (two, three, four, five and etc.). Inflation protection can be included along with many other options. This is a use it or lose it product whereby the unused benefits are lost if the insured dies without using all of the benefits under the policy.

2. **__Life Insurance-Based Long-Term Care__** – Where the death benefit can be accessed at the rate of 2% per month for long-term care expenses. The benefit pool is established at inception with the total pool of money created. Unlike traditional LTC, the benefit not used to fund long-term care expenses are paid as a death benefit. Accordingly, it is not use it or lose it since the unused LTC benefit will be paid to someone.

3. **__Annuity Based Long-Term Care__** – The benefit leverage is normally less than the aforementioned two products. The main benefit results from the avoidance of taxable gains in the annuity. When the funds within the qualified LTC annuity are used to fund LTC expenses, they are paid without income tax consequences. Since the insurance leverage is less than the two previously mentioned strategies, the medical underwriting tends to be reduced. This strategy is used when either the insured has health issues precluding strategy one and two, or if the client has other annuities with significant taxable gains that can be moved into this product leveraging the annuity value due to the tax avoidance when funding LTC expenses.

***Still not convinced? Here are some sobering statistics to consider.***

- $725 billion a year is spent on chronic illness care in the United States
- Families contribute $63 billion in out-of-pocket costs and $450 billion in unpaid family caregiving. That means that $71 of every $100 spent on chronic illness care comes from families, many of whom eventually find themselves in poor physical and financial health from the stress of caring for their loved one
- Only $7 billion (or less than 10 percent) is paid by privately owned long-term care insurance policies from people who had the foresight to protect themselves and their families

Let's have the discussion now to help you make an informed decision about what long-term care coverage is available and appropriate for you!