

START YOUR LONG-TERM CARE PLANNING NOW

Now is the time to begin the process of assisting clients to obtain meaningful long-term care insurance (LTCi) coverage. Why? Because you never know when a long-term care event might happen.

For Medicare Brokers: Remind your clients that Parts A and B do not cover long-term care expenses.

For Group Brokers: Suggest to clients getting approved for LTCi can be difficult as one ages. And group LTC can be considered.

For Friends and Family: Share how new LTCi policies can be considered that offer life insurance or annuities to make the coverage work best, especially if the policyholder passes before receiving coverage for LTC expenses.

Another reason to start the process of obtaining coverage is that planning early may result in the best value solution. If you begin planning when you are younger, you get a better overall value assuming your health is good. Waiting could mean that the premium costs are higher, or a health event may make you ineligible for insurance.

A LIFE INSURANCE OR LONG-TERM CARE PRODUCT THAT FITS YOUR NEEDS AND BUDGET

At BuddyIns, we recommend obtaining meaningful coverage rather than just enough to possibly qualify for a state exemption. What does that mean for you? Meaningful coverage provides the insurance benefits that may best cover the risks you believe will impact you. The cost is affordable, and it is a plan that you can financially manage over your lifetime. The most popular solutions in Washington came from not only affordable LTCi-focused coverage but also life insurance coverage with LTC riders. Younger clients who did not have their life insurance plans used the WA payroll tax as an opportunity to protect their families with affordable hybrid policies.

The ideal candidate to purchase long-term care insurance or life insurance is someone who would have pursued coverage regardless of the payroll tax. They may now decide to buy sooner than they would have because of proposed government programs and the ability to opt-out or supplement the state benefits.

Higher earners with more income and assets to protect may see the best value from purchasing a private plan. If a proposed payroll tax is a percentage of all wages, like in WA, a higher earner could pay more into the payroll tax than they could get in benefits.

For example, a 40-year-old employee is making \$200,000 per year and expects her wages to grow 3% per year. If she retires at age 65, she will have put in a projected \$42,293 over 25 years. If the lifetime maximum is similar to the Washington State benefit, it will be around \$36,500 with nominal increases.

However, one should never purchase a long-term care insurance policy solely for the purpose of opting out of a proposed payroll tax. Reach out to a long-term care specialist if you would like to begin the planning process. Even if you are not ready to purchase yet, understanding your options and meeting with an LTCi specialist will allow you to act more quickly later.

>>[Learn About Other States Considering a Long Term Care Payroll Tax](#)

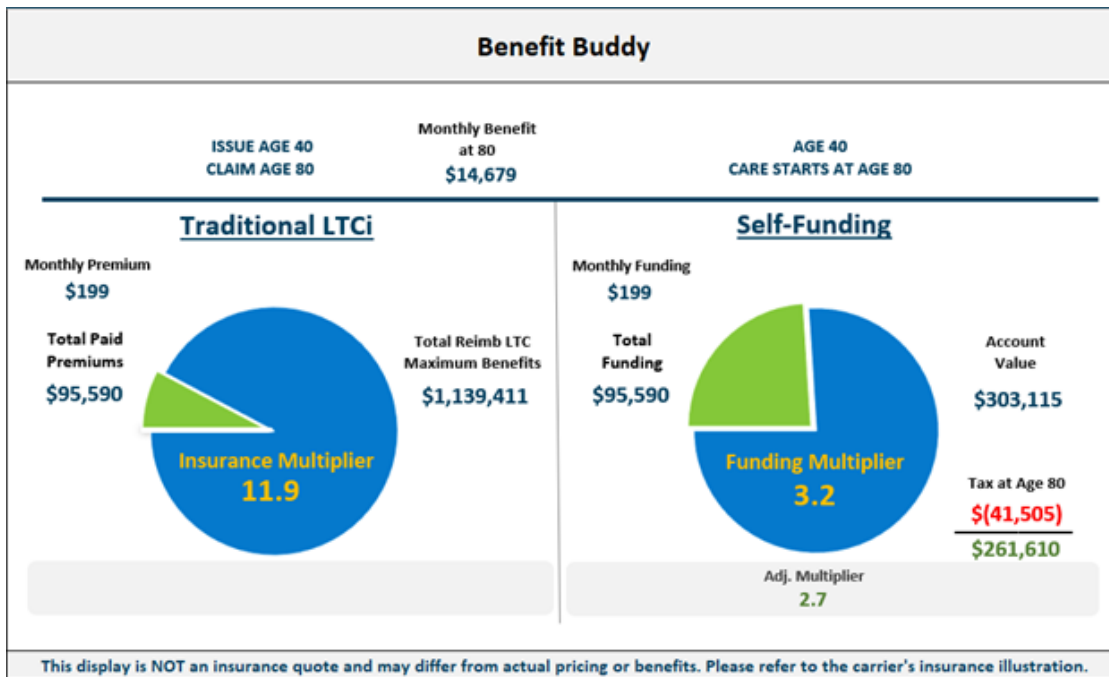
LONG-TERM CARE INSURANCE-FOCUSED SOLUTIONS

Traditional Long Term Care Insurance or Life Insurance Hybrids with LTC Extension

Let's look at some numbers by considering another 40-year-old CA employee. This employee decides he wants to purchase traditional long-term care insurance. He anticipates needing care at age 80. In this scenario, he could obtain a policy with 6 years of protection to provide a total maximum benefit of \$1.1 million of tax-free LTC benefits. California has some of the highest costs of care in the country. By adding these benefits, he maintains control over his care rather than leaving it to his family to decide on their own.

By using our BuddyIns proprietary software, Benefit Buddy, we created the chart below. It reflects the impact of purchasing long-term care insurance vs. self-funding a long-term care event that begins at age 80.

- Traditional LTC Pie Chart: The "Insurance Multiplier" or the maximum amount of coverage one might receive relative to the premium at age 80. It reflects the total premiums paid versus the total long-term care benefits.
- Self-Funding Pie Chart: Reflects self-funding the total amount of care. Self-funding assumes a person earns a 5% rate of return on their savings and incurs a 20% tax rate if the investment returns result in taxable gains.



Traditional long-term care insurance is not the only option when it comes to long-term care coverage. Some hybrid options provide excellent LTCi coverage, including:

- An extension of benefits feature
- Cash value flexibility
- A death benefit if the long-term care rider is never used

Purchasing a hybrid now offers our employee above the ability to change his mind about the coverage later. That allows him to retain some or all the value of the premiums already paid into the policy.

Don't worry. You do not have to figure all of this out on your own. A long-term care insurance specialist can help find the product that is good value for you.

>>[Your Guide to Long-Term Care Insurance](#)

LIFE INSURANCE-FOCUSED SOLUTIONS WITH LTCI FEATURES

Permanent Life Insurance with LTC Acceleration or Term Life with Conversion Options

For those who desire life insurance, several popular options on the market also include true LTC riders. These solutions include permanent life insurance like universal or whole life. Both products have unique features and benefits at affordable rates, especially for starter plans.

There are no term life policies with true LTC riders, but some strategies allow conversions. That means you can obtain term coverage today, then can convert to a permanent product and add the LTC rider later. This allows you to:

- Maximize your life insurance death benefit with term insurance now
- Maximize the flexibility and cash values with permanent insurance later

You may also do both while retaining the option to receive “living benefits” in the form of an LTC benefit that may qualify for the payroll tax opt-out.

This option might be a great choice if you are younger and have a greater life insurance need.

The deadline for purchasing private coverage is still unclear or even if there will be an opt-out with certainty. If you purchase the coverage, you need now, that can be a win regardless of how the law plays out.

If you focus on health insurance and consider LTCi something you want to learn more about, contact us. 657-229-2849

To Collaborate with a Long-Term Care insurance expert please go to our link and learn more
www.buddyins.com/calbroker

To learn more about how you can bring planning solutions to your clients with the help of subject matter experts and participate in the success, email us
info@healthbrokercollaborators.com

Should you desire to learn the business and ADD LTCi or other insurance to your practice, we can help. www.buddyins.com/calbroker

Our Commitment:

We have selected the most friendly and supportive experts in the most common areas most people need help with so we can help health brokers provide solutions for their clients. From legal matters, to LTCi, Financial Planning, Annuities and life insurance, we have experienced and helpful professionals available to take your client issue and explore with you on ways to collaborate and provide solutions to successfully address the issues.