

Long Term Care Planning Options

Determining which product or products are a good fit for your client will depend on their situation and level of concern. The following is an overview of three different types of planning options and the types of prospects for which each would be most suitable. We should note that the criteria to qualify for long term care benefits is generally the same for each type of policy.

← Life Insurance	Long Term Care Product Options	Long Term Care Insurance →
Life Insurance with Acceleration Riders	Long Term Care — Life Insurance Hybrid Policies	Traditional Long Term Care Insurance
<p>Many companies offer death benefit acceleration riders that can be added to their permanent life insurance policies. These riders are either true long term care (LTC) riders or chronic illness riders. Both types of riders allow for the acceleration of a portion of the policy death benefit, once the insured qualifies to receive benefits. Policies generally have a maximum monthly (or annual) benefit that will be available. Participating whole life policies may offer the ability to include paid-up additions purchased with policy dividends in the death benefit available for acceleration as LTC benefits. Dividends are not guaranteed.</p> <p>Prospects are generally life insurance buyers, age 45 to 55. They need permanent life insurance protection and also want the option to use their policy as part of their long term care planning. Since these types of policies are generally subject to full life insurance and LTC underwriting, prospects should be able to qualify for a non-rated issue class, as the riders may not be available on rated cases.</p>	<p>A few carriers offer what are referred to as LTC – life insurance hybrid policies. These are also life insurance policies with LTC riders, generally sold with guaranteed premiums payable for a limited number of years. Single and 10-15 pay policies are common. What makes them different is that the LTC riders not only provide for the acceleration of the policy death benefit, but also provide an additional pool of extended LTC benefits. These products are attractive because, if the LTC benefits are not used, the death benefit is paid to the beneficiary. And if the policyowner changes his or her mind, they have a surrender value. These types of policies generally offer a streamlined underwriting process that takes less time to qualify the insured for coverage and issue a policy.</p> <p>Prospects for these policies are generally age 50 to 69, can pre-qualify for coverage and have savings or income that are sufficient to pay the policy premiums. These policies offer an attractive alternative to traditional LTC insurance and may appeal to individuals who are planning to “self-insure” their LTC needs by saving additional funds.</p>	<p>Traditional long term care insurance policies are designed for prospects who want comprehensive long term care insurance protection. Policies typically have ongoing premiums that are not guaranteed. These products also offer a variety of riders and coverage options that give policyowners the flexibility to tailor their coverage to their long term care protection needs. These types of policies may also qualify for Partnership Programs available in certain states.</p> <p>Prospects for these policies are generally age 50 to 69 and want quality long term care insurance protection that they can customize to fit their budget and needs. They also have the financial means to pay the ongoing premiums during retirement. They are generally affluent individuals who want to protect assets and may be interested in qualifying for partnership programs available in many states. They are concerned about being able to receive the care they may someday need, in the setting of their choice.</p>

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