

# Why Combo Life Insurance/Long-Term Care Products Might Be the Best Option for Your Employees

By Robyn Leonard



**One of my dear friends is a lawyer. We often get together socially, and because I work in an industry that helps companies plan for their employees' future long-term care needs, the conversation eventually ends up gravitating there. My friend questions the idea of paying premiums for a policy she may never use and could possibly afford to pay out of pocket for when the time comes.**

I always encourage her to weigh the realities of care and consider how she would pay for it. Long-term care (LTC) comes into play when we need assistance with activities of daily living. Think of the things you do each morning — getting up, bathing, getting dressed, eating, etc. Research says that 70 percent of us will need long-term care at some point in our lives due to the natural aging process, illness or accident.

And LTC can be a heavy financial burden. Costs for long-term care currently ranges between \$40,000 and \$150,000

annually for care in a nursing home, in an assisted living facility or at home, depending on where you live. If you multiply that number by the average stay or care period of three years, you can see how a significant amount of money is needed to pay for long-term care needs.

Surveys show that people spend more time planning their annual vacation each year than planning for their retirement, and LTC planning is no exception. People don't want to think about needing LTC, especially if they feel young and healthy. But a little planning now can avert the disaster that an LTC event can wreak on your employees' financial portfolios.

LTC plans ease the burden on your employees' family members. It allows their family members to be more involved in decision-making, not caretaking. It also alleviates the stress of coming up with the funds to pay for care.

So it really does make sense to look at a solution to pay for your future long-term care needs if you don't already have a plan in place. There are different types of long-term care solutions, and they all have their own benefits and considerations:

- **Traditional or standalone long-term care plans** pay out if a LTC need arises. These policies are rich in benefit offerings. They also often have medical underwriting requirements in place to qualify for coverage. If you are young and healthy, this may be the plan that is right for you.
- **Life insurance policies with long-term care riders**, often referred to as combo or hybrid products, are another way to plan for potential LTC needs. These group combo products can offer guarantee issue; no health questions are asked at the time of application. These products give the policy holder access to the death benefit if long-term care is not needed.

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The largest difference between these policy types is the combo product's guaranteed payout. Most people (like my friend) are concerned about not using long-term care they've already paid for. The combo product either provides the policy holder with benefits for a LTC need or provides beneficiaries with a death benefit. This combo product is not meant to replace any existing life insurance policies; rather, it is an LTC planning solution that has a guaranteed payout if you never need the LTC benefits.

The bottom line is that almost everyone should pause to think about how they would handle a long-term care event for themselves or a loved one. From there, recognize that the types of insurance coverages vary, so it's imperative to educate yourself and your employees on this important aspect of a sound financial planning portfolio. As I've told my friend, a thorough portfolio should include some sort of plan to pay for potential long-term care needs. ■

#### ABOUT THE AUTHOR



**Robyn Leonard** is a Benefit Adviser and Account Executive at LTC Solutions, Inc. She educates employers and brokers about long-term care and solutions that are available to them in the marketplace. Working in the long-term care industry for more than 25 years, Leonard has worked in an long-term care facility and on the carrier and broker side of the business.

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