# What you need to know about ...

## long-term care insurance and hybrid policies

Raising children. Caring for aging parents. Building purposeful careers.

We dedicate much of our lives to the people and things that mean the most to us. Eventually these responsibilities recede, allowing us more time for ourselves.

This should be an exciting time, but the "what ifs" are always a possibility. Those turning 65 today have an almost 70% chance of needing some type of long-term care services as they age, and 20% will need it for longer than five years.[1] This could mean home health care, nursing home care or personal or adult day care. Many people mistakenly believe that Medicare or Medicaid would cover their care expenses, but this is often not the case. Without long-term care insurance in place, you may deplete your savings or retirement income, or have no choice but to rely on a family member for care.

### Don't leave it all to chance.

A retirement strategy that includes long-term care allows you to:

1. Maintain your independence and dignity
2. Relieve financial and caregiving pressure on your family
3. Protect your retirement assets and income
4. Choose how and where you receive care

## What is long-term care insurance?

Long-term care insurance steps in if you develop a health condition that requires you to receive care and supervision. It covers the cost of help when you are unable to perform two of the six activities of daily living (ADLs) without assistance or supervision. This can mean support with toileting, continence, dressing, eating, bathing or transference. These services are not medical, so health insurance and Medicare won't cover them.

## What options are available?

Traditional, standalone long-term care policies offer coverage only for long-term care in your home or in a specialized facility. These products are still popular but in recent years long-term care has an innovative new choice. These hybrid policies, sometimes called combo or linked-benefit products, bundle long-term care insurance with either life insurance or an annuity.

That means if you need long-term care, the policy covers your expenses, but if you don't need it, you've got other options. Depending on the type of hybrid policy you select, it will either pay your loved ones a death benefit, like a life insurance policy, or it guarantees you an income stream during retirement, like an annuity.

## When should I buy long-term care coverage?

Think you're too young and healthy for long-term care insurance? Because both long-term care insurance and life insurance rates generally increase with age, it's best to start shopping for a hybrid or standalone policy when you're in your 40s or 50s. That said, you can still buy a policy in your 60s or older, but note you can't get it when you need it. You still need to be healthy to qualify, so it's best to act sooner rather than later.

Remember, long-term care insurance can help you with many goals: It protects your assets, spares your family from financial and emotional stress, and puts you in control of your health decisions.



## A burden relieved: The Mollicone family

Joe and Theresa Mollicone worked with their insurance professional to develop a comprehensive retirement strategy. At first, the Mollicones were hesitant to include long-term care coverage, but neither wanted to be a burden to the other or to their children, so they purchased it.

Less than six months later, Joe suffered a stroke that left him paralyzed on the right side and unable to speak. Now, the long-term care benefit covers Joe's home-care needs. "If we didn't have this insurance, caring for Joe would have depleted our savings," Theresa says. "Now I'm not afraid of running out of money."

## Understanding long-term care costs.

- The median annual cost of a semi-private room in a U.S. nursing home is $90,155. The median cost is projected to rise to $124,796 by 2030.[2]
- Medicare does not pay for non-skilled assistance with activities of daily living (ADLs).[1]
- Medicaid covers long-term care services, but there are income and other eligibility requirements.[1]

Investment advisory services offered through Trilogy Capital (TC), a Registered Investment Advisor. TC markets advisory services under the name of Trilogy Financial (TF), an affiliated but separate legal entity. Securities offered through LPL Financial, Member FINRA/SIPC. TC and TF are separate entities from LPL.

[1] 2020 Insurance Barometer Study, Life Happens and LIMRA

© Life Happens 2020. All rights reserved.

trilogy FINANCIAL