


Hybrid – Linked Benefit




Demand for LTC Rises Every Year. About 30% of States are Addressing. Some with Legislation.


Are You Prepared to Discuss LTC Options with Your Clients?


	Traditional Long-Term Care Pure LTC	Hybrid Annuity with LTC Extension of Benefits	Hybrid Life with LTC Extension of Benefits	Long-Term Care Rider Acceleration - Life	Chronic Illness Rider Up Front Charge Acceleration - Life	Chronic Illness Rider Charge at Accel. Acceleration - Life
Agent LTC Specific License & CE Required?	<p style="text-align: center;">Yes</p>	<p style="text-align: center;">Yes</p>	<p style="text-align: center;">Yes</p>	<p style="text-align: center;">Yes</p>	<p style="text-align: center;">No</p>	<p style="text-align: center;">No</p>
Qualified as Long-Term Care?	<p style="text-align: center;">Yes</p> <p style="text-align: center;">HIPAA Tax Qualified IRC 7702B</p>	<p style="text-align: center;">Yes</p> <p style="text-align: center;">HIPAA Tax Qualified IRC 7702B</p>	<p style="text-align: center;">Yes</p> <p style="text-align: center;">HIPAA Tax Qualified IRC 7702B</p>	<p style="text-align: center;">Yes</p> <p style="text-align: center;">HIPAA Tax Qualified IRC 7702B</p>	<p style="text-align: center;">No*</p> <p style="text-align: center;">IRC 101(g) Prohibited from being described or marketed as long-term care</p>	<p style="text-align: center;">No</p> <p style="text-align: center;">IRC 101(g) Prohibited from being described or marketed as long-term care</p>
Sales Application Examples	<ul style="list-style-type: none"> ○ Primary concern is LTC ○ Want lowest prem for maximum benefit ○ Do not have assets to reposition ○ Understand rates may increase and that benefits are only paid if there is a qualifying LTC event ○ Not looking for a guaranteed premium or a guaranteed LTC benefit 	<ul style="list-style-type: none"> ○ Large gain in a NQ annuity. 1035 exchange can be used to fund the policy. Distributions for qual LTC expenses are not taxed ○ Attractive for older ages (65+ when Life Hybrids are cost prohibitive, or unavailable) ○ If unable to qualify for Trad-LTC or Hybrid-Life UW, may still qualify here 	<ul style="list-style-type: none"> ○ Repositioning assets ○ Leveraged LTC benefit ○ Leveraged death benefit ○ Exit strategy if needs change with ROP or CV ○ Corporate sponsored cases, tax preferential treatment, with certain carrier designs (separate identifiable premiums) 	<ul style="list-style-type: none"> ○ Suitable need for Life insurance ○ Economical for younger insureds ○ Qualified LTC coverage is a concern ○ Clients want option to accelerate “entire” DB for LTC expenses if needed 	<ul style="list-style-type: none"> ○ Suitable need for Life insurance ○ Economical for younger insureds ○ Concerned about future cost of care ○ Want option to accelerate the “entire” DB for care expenses if needed 	<ul style="list-style-type: none"> ○ Suitable need for Life insurance <p><u>Discount Method:</u> Chron III benefit is not a priority</p> <ul style="list-style-type: none"> - Cash value accum focus (like retirement income, etc.). - Advantage is no drag of on-going rider charges <p><u>Lien with Interest Method:</u></p> <ul style="list-style-type: none"> - Known Chronic III benefit amount - CV Accum focus - No drag of on-going rider charges



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Client Profile Examples	<ul style="list-style-type: none"> ○ Believe will need LTC ○ Expect can pass strict underwriting ○ Want to pay less – or are on a budget ○ Cash flow, lifestyle, & income is protected since cost is lower ○ Couples - shared pool of benefits ○ Partnership Medicaid Asset Protection 	<ul style="list-style-type: none"> ○ Can afford higher cost – premiums ○ Ineligible for Trad-LTC or life ins ○ Reposition the asset and leverage the benefit for LTC ○ For older ages, can be more cost effective than Hybrid Life to leverage benefits (if annuitant is still healthy) 	<ul style="list-style-type: none"> ○ Can afford higher cost – premiums ○ Have a need for Life insurance ○ Want guaranteed rates or guar LTC benefits ○ Appeal of ROP or cash surrender value ○ Option for Cash Indemnity 	<ul style="list-style-type: none"> ○ Need for Life insurance ○ Desire a known, predictable, LTC benefit ○ Want quality – best in class rider with built-in consumer protections (shared by all 7702B, qualified LTC solutions) 	<ul style="list-style-type: none"> ○ Need for Life insurance ○ Want a chronic illness benefit ○ Known and predictable acceleration amount for care expenses 	<ul style="list-style-type: none"> ○ Need for Life insurance ○ Rated or Uninsurable for other Long-Term Care insurance ○ Chronic Illness benefit is not leading priority <p>Note: These riders could result in a low amount or \$0.00 being eligible for acceleration to cover care expenses when discounted</p>
Underwriting	<p>Morbidity Only</p> <p>The strictest medical UW for LTC/morbidity risks</p>	<p>Morbidity only for LTC on a “simplified” basis</p> <p>Health history is less likely to have an impact on LTC underwriting decision.</p>	<p>Mortality and Morbidity</p> <p>May offer “simplified” or streamlined UW process</p>	<p>Mortality and Morbidity</p> <p>Emphasis on life ins mortality UW</p> <p>LTC rider UW may be “simplified”</p>	<p>Mortality and Morbidity</p> <p>Emphasis on life ins mortality UW</p> <p>Chronic Illness rider UW may “simplified”</p>	<p>Mortality</p> <p>Generally, No Morbidity UW</p> <p>Rider may be automatically included for certain ages or UW class</p>



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Care Benefit Amount Known at Time of Issue? Note on Indemnity: LTC and Chronic Illness Riders - the maximum benefit may be limited to HIPAA amount	Yes	Yes	Yes	Yes	Yes	Discounted: No - Most Chron Illness riders are Discounted - The amount eligible is determined at accel. and varies by age, gender, severity of condition, etc. (Could be \$0.00) Lien: Yes
LTC Tax Deductible Premiums Use of HSA Dollars to fund LTC premium	Yes	Annuity Premium: No LTC Premium: Maybe - if properly structured, separate identifiable premium design	Life Ins Prem: No LTC Premium: Maybe - If properly structured, Separate identifiable premium design	Life Ins Prem: No LTC Premiums: Maybe - If properly structured, Separate identifiable premium design	Life Ins Prem: No Chron Ill Prem: No	Life Ins Prem: No Chron Illness Prem: No
Partnership Qualified	Yes	No	No	No	No	No
Indemnity or Reimbursement?	Reimbursement	Reimbursement and Indemnity	Reimbursement and Indemnity	Reimbursement and Indemnity	Indemnity Rarely Reimbursement	Indemnity

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Opinion: May Qualify for States Payroll Tax Exemption? **	Probably ** Will depend on state specific criteria such as minimum benefit amount, duration, and inflation	Possibly ** Will depend on state specific criteria such as minimum benefit amount, duration, and inflation	Possibly ** Will depend on state specific criteria such as minimum benefit amt, duration, and inflation	Possibly ** These riders do not offer inflation Will depend on state specific criteria (ben amt and duration)	Unlikely ** Chronic Illness riders* are not long-term care	Extremely Unlikely ** Chronic Illness riders are not long-term care
Example of Carriers that Offer State Variations apply More Insurers available in the Worksite Market	7 Carriers <ul style="list-style-type: none"> ○ Bankers Life ○ Knights of Columbus ○ Mutual of Omaha ○ National Guardian Life ○ New York Life ○ Northwestern Mutual ○ Thrivent 	4 Carriers <ul style="list-style-type: none"> ○ EquiTrust ○ Global Atlantic ○ Guarantee Income Life Insurance Company ○ OneAmerica 	9 Carriers <ul style="list-style-type: none"> ○ Brighthouse ○ Lincoln Financial ○ MassMutual ○ Nationwide Ins ○ New York Life ○ Northwestern Mutual ○ OneAmerica ○ Securian ○ Thrivent 	LTC Rider Examples <ul style="list-style-type: none"> ○ Equitable ○ Guardian ○ John Hancock ○ Lincoln National ○ MassMutual ○ Mutual of Omaha ○ Nationwide Ins ○ Northwestern Mutual ○ Pacific Life ○ Transamerica 	Chron Ill Examples <ul style="list-style-type: none"> ○ Corebridge Financial ○ MassMutual ○ New York Life ○ Pacific Life ○ Protective ○ Prudential ○ Securian ○ Symetra 	Too Many to List Chronic Ill riders with Discounting method could result in a fraction of the DB being accelerated for care (including \$0.00). The cost and benefit are determined at the time of claim based on life expectancy – severity of condition. See specific carrier guidelines

*Although unlikely, a Chronic Illness rider with up front charges could be paired with the NAIC, LTC Model Regs. Consequently, the rider would be qualified as LTC and can be described and marketed as such. Producer health licensing and CE would then apply which vary by state.

**State Payroll Tax Exemption: Some states LTC legislation or proposals may not offer an exemption. If they do, and if a particular product qualifies, the resident must still meet the state's unique criteria which includes but is not limited to meeting any respective deadlines for opt-outs, if available.

Note: Products and riders, including benefits, exclusions, limitations, terms, and definitions can vary by company. As an example, some carriers offer a Waiver of Premium while claiming care benefits. If offered the criteria can vary significantly by company or product.

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