

How does Long-Term Care Insurance Work?

Long-term care insurance pays benefits for “custodial care”, not medical care. If the insured is unable to perform 2 or more acts of daily living (ADLs) or has a cognitive ailment, LTC helps pay for the care required at home or in a facility.

ADLs are basic living activities a person once did on their own but, because of illness, injury or advanced age, can no longer do without help. ADLs include: bathing, personal hygiene, dressing, mobility, self-feeding, transferring and cognitive impairment that affects memory, reasoning or judgement.

Types of Coverage

Long-term care insurance can be purchased as a stand-alone policy or as a rider on a life insurance policy. What's the difference?

Stand-Alone LTC

- Stand-alone policies are “use it or lose it” – if the coverage is not needed in the insured’s lifetime, no benefit is paid out and there is no cash value to leave beneficiaries.
- The premium is not locked in at the age of issue and may increase at anytime, with at least 60 days notice to the insured.

LTC as a Rider on a Life Policy

- Life insurance policies can be purchased with a long-term care benefit, known as a LTC rider. If the insured is in need of long-term care during their lifetime, they may access a pool of money from their life insurance to pay their long-term care needs, be it at home or in a facility.
- The amount paid out for LTC in the insured’s lifetime is deducted from the death benefit of the life insurance policy before beneficiaries are paid. If the LTC benefit is not used 100% of the death benefit is paid to the beneficiaries.
- The premium is locked in at the age of issue; it will not increase.

What does LTC Cost?

In general, the price of LTC insurance is less expensive the younger and healthier an applicant is at the time of purchase because premiums are based on many factors including: age, health and gender.

Call 310 540 7760 to discuss your specific needs.