

Have Your Cake And Eat It Too (Sort Of)

When we think about the possibility of needing help taking care of ourselves in the future, cost is always a primary concern. And when we consider traditional long term care insurance to help cover those costs, what's always the big obstacle?

"What if I stay healthy and never need the care? I'll have wasted all those annual premiums!"

Funny that we don't usually feel quite the same way about our "wasted" auto or homeowners premiums, but it is what it is. Everybody loves insurance; it's just those darn premiums that we hate, right?

A number of years ago, the insurance industry got a little creative on this front. And today several carriers offer a hybrid solution that makes your money do "double-duty." Essentially, it's a long-term care benefit built onto the chassis of a permanent life insurance policy.

While these policies aren't right for everybody, they let you have your cake and eat it too...sort of.

Either you're going to have the unfortunate experience of needing long-term care and will collect against the policy. Or you'll never need the care (or will need limited care) and your beneficiary will receive a tax-free death benefit. No more worries about wasted money. Some policies even let you change your mind and, if you paid a single premium up front, you can cancel and get that money back.

With most such arrangements, you pay a relatively large one-time insurance premium at the start. Think of it as a reallocation of part of your existing emergency reserves. Depending on your age, health, and benefits chosen, this single premium will typically cover several times the amount in long-term care expenses. Or it will provide a death benefit payout that is usually larger than the premium you paid but less than the total long-term care coverage.

This might be a good solution for someone who:

- Absolutely hates the possibility of "wasting" premiums
- Can qualify medically for coverage
- Already has significant assets (savings, CDs, etc.) that they don't need to support their lifestyle
- Already has a permanent life insurance policy with substantial cash value that might be transferred (tax-free) into the new hybrid arrangement

If you've looked into traditional long term care insurance and said "no," talk with a knowledgeable professional to see if this alternative might be for you.

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