

# LTCI: Not Just for Seniors

*Selling LTCI to clients in their 30s and 40s makes a lot of sense.*

**F**or the most part, agents tend to market long-term care insurance to the mature market—people age 65 and older. Yet LTCI is an attractive buy for clients in their 50s, 40s and even 30s because of its reduced cost, inflation protection and higher acceptance rates. Also, some new indemnity LTCI policies behave like disability income insurance. It's your job to let your clients know this.

Media reports on the rising costs of long-term care have left consumers of all ages wondering what they can do to protect their financial futures. Many younger people have already had firsthand experience as caregivers and are often receptive to learning about LTCI protection for themselves.

## Benefits for younger clients

LTCI offers younger clients a wide range of benefits. They tend to have fewer health problems, so underwriting is likely to proceed smoothly. LTCI premiums for them are lower and are designed to remain fixed. Several carriers offer limited-pay options, such as completely paying up premiums in 10 years or by the time policyholders reach age 65. Younger clients are usually working, so the option of paying off premiums before retirement is appealing.

Another benefit for younger buyers is compound inflation protection. Take the example of two people, ages 40 and 50, who purchase identical LTCI policies that include a compound inflation protection feature. If both need to file a claim at age 80, the policyholder who took out a policy at age 40 has not only paid less premium; he will also col-

lect more from the policy because the daily benefit had a longer time to compound. The 50-year-old will have paid much more and will get less.

## Zero-day elimination periods

Several carriers offer zero-day elimination periods at reasonable rates. With younger people, temporary use of their LTCI policies

is becoming fairly common. One of my policyholders in her 50s is undergoing chemotherapy in conjunction with treatment for hepatitis C. She has used the zero-day elimination period during this time to collect benefits from her LTCI policy, as she will need care for several months before she can return to work.

Another client of mine was able to use her LTCI policy after foot surgery. Still another benefited

from his policy because of complications after a medical procedure. All of these policyholders were able to afford zero-day elimination periods at a reasonable cost because they purchased their policies at younger ages.

## Smaller premiums, more benefits

Because of reasonable policy pricing, smaller premiums buy more benefits. Besides paying for lengthy, chronic situations requiring care, policies can also be designed to pay for short-term situations like a convalescence at home following surgery. Some poli-

cies also pay on an indemnity basis, meaning that a policyholder is entitled to collect the entire daily or monthly benefit, even if the actual cost of care is less. These policies can be designed to have a higher-than-average daily benefit. With this capability, the plans can be structured to provide additional replacement income in case of disability.

In addition, there are usually tax advantages for LTCI purchased by employers or the self-employed. LTCI offered to select employees on a discriminatory basis can also have these advantages. Several insurers offer premium discounts when LTCI is provided by the employer, even if premium payment by employees is voluntary.

## Sooner, not later

With age comes the likelihood of needing care. The occurrence of lengthy and expensive LTCI claims does not usually happen until the end of the LTCI policy, and this typically occurs at older ages. With other types of insurance, policy claims occur at all ages. To complicate things further, LTCI carriers are experiencing fewer policy lapses than anticipated. Carriers are also experiencing less morbidity than projected, which has resulted in fewer claims than anticipated.

Then there is the advent of assisted living. The public is just becoming aware of assisted living as an option for care. Much of the equation of who will need care, as well as where, when and how long they will need it, is still uncertain.

When purchased at younger ages, LTCI is often so reasonable that a debate over choosing a limited or unlimited benefit period is not necessary. A benefit-rich, fully featured LTCI policy is very affordable at younger ages. Therefore, these clients have to make fewer sacrifices to pay their premiums. **AT**

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