2026

LTCI 3.0 ebook

The only thing constant in life is change, and this holds true for long-term care planning. From consumer sentiments to advisor awareness to insurance solutions, our industry operates in the midst of continual change.

While most people prefer not to think about a time when they won't be healthy and independent, the reality is that most will need extended care at some point in their lives.

This guide is intended to provide advisors with tools for the changes we're experiencing, provide a better understanding of Long-Term Care (LTC) insurance solutions and share best practices to help clients plan for long-term care.

LTCI PARTNERS

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Part 1:
Consumer Awareness

Consumer awareness around long-term care planning is at an all-time high. Here is why more LTC planning conversations are taking place right now.

Demographic Shift

- Today, the oldest millennials are in their mid-40s.
- There are over 60 million Gen-Xers in the United States.
- Baby boomers are either receiving long-term care support and services or will be soon.

Personal Experience

- Today, most people have had some first-hand experience with a loved one needing long-term care.
- This personal experience is the number one driver of people taking action to plan for long-term care (purchasing insurance).

Cost of Care

Cost-of-care increases have presented challenges for families who do not own LTC insurance. Most notably, the cost for home care has increased significantly. Families can calculate the cost of LTC by state **here**.

Caregiver Shortage

- This challenge is basic economics — supply and demand. With a growing need for caregivers, there are simply not enough to provide care, which in turn drives up the cost.
- Nearly 60% of U.S. home care agencies report ongoing caregiver shortages. (Source: **10 Must-Know U.S. Home Care Industry Stats for 2025 - North American Community Hub**)
- Turnover in home care approaches 80% annually. (Source: **Home Care Crisis Drives Innovation For Aging In Place**)

Legislative Activity

- In 2021, the state of Washington implemented the first-of-its-kind public LTC program, taxing residents to provide LTC benefits.
- Numerous states are exploring different ways to help their residents plan and finance long-term care events.
- Today, there is significant strain on social programs like Medicare and Medicaid.
- To stay up to date on state-level LTC legislative changes, click **here** to view our map.

Part 2: LTC Insurance Marketplace Update

Since we released our LTC 2.0 eBook, we have seen significant change in the LTC insurance marketplace that includes:

- Growing popularity of combination Life + LTC products.
- New market entrants (traditional and combination Life + LTC products).
- Product innovation (features and benefits).
- Market stabilization (pricing).

While the industry has been around for 30+ years, we feel that it is finally in a place to effectively support the current and future demand of this product line.

According to a Milliman claims report, LTC insurance paid out **$16 billion** in 2023 and is projected to pay out over **$40 billion** in 2042.

(Source: Milliman's Annual U.S. Industry LTCI Claims Projection)

Part 3:
Traditional LTC

While there has been significant change over the last 15 to 20 years in this business, one thing has remained constant — the need to plan for long-term care. The traditional LTC insurance business may look different these days (fewer insurance carriers), but it is still here to serve this great need.

While in-force policyholders have experienced rate increases, we have seen market stabilization and even growth of traditional LTC insurance sales in the past few years. We expect today's traditional LTC insurance to be much more rate-stable than plans from 10 years ago. Rather than provide a history lesson on this product (and mistakes that were made), we want to share a few reasons why this business is healthier for insurance companies and still valued by advisors and their clients.

Today's products are priced with much more conservative actuarial assumptions than products in the past. Insurance companies are reporting that they have excellent margins on LTC insurance and have more underwriting and claims experience. Therefore, carriers are comfortable with this risk and want to grow this segment of their business. In fact, we have seen new carrier and product entries and expect more in the next two to three years.

Clients look to this coverage to provide them with choice, flexibility and control during a long-term care event. Additionally, they are looking to protect their retirement income and lifestyles. They can accomplish this goal with a number of products, but why do clients buy traditional LTC insurance?

Traditional LTC Insurance Advantages

- Value of the coverage (most benefit per premium dollar/leverage)
- Tax treatment/advantages (business owners and HSAs)
- Clients already have sufficient life insurance
- Typically less expensive than combination Life + LTC products
- Flexible inflation protection options

Part 4: Combination Life + LTC products

Over the past 15+ years, the industry has seen significant growth of combination Life + LTC products. These dual-purpose products broadly appeal to clients who wish to leave a measure of financial security to their loved one after death and address health and financial risks while living.

One thing that our industry has not done well is to name these types of products. Below you will find some of the names commonly used for these combination products:

- Hybrid Life + LTC
- Asset-Based LTC
- Life with Riders
  - Riders:
    - LTC
    - Chronic Illness (CI)
    - Accelerated Death Benefit (ADB)
- Combination Life + LTC

Please refer to "Part 5" for a comparison of Traditional and Hybrid Life + LTC products.

According to the most recent LIMRA research, the majority of combination Life + LTC sales are products that do not include an extension of benefit or inflation protection riders. For the purposes of this guide and our overall business, our focus is Hybrid Life + LTC insurance (7702b riders). These types of products are preferred when long-term care is the primary purpose of the client's planning.

In addition to sales growth, over the last few years we have seen recent carrier entries and product development. Insurance companies recognize the need for these planning products and are comfortable with this risk. Today, we have a robust market of Hybrid Life + LTC insurance solutions.

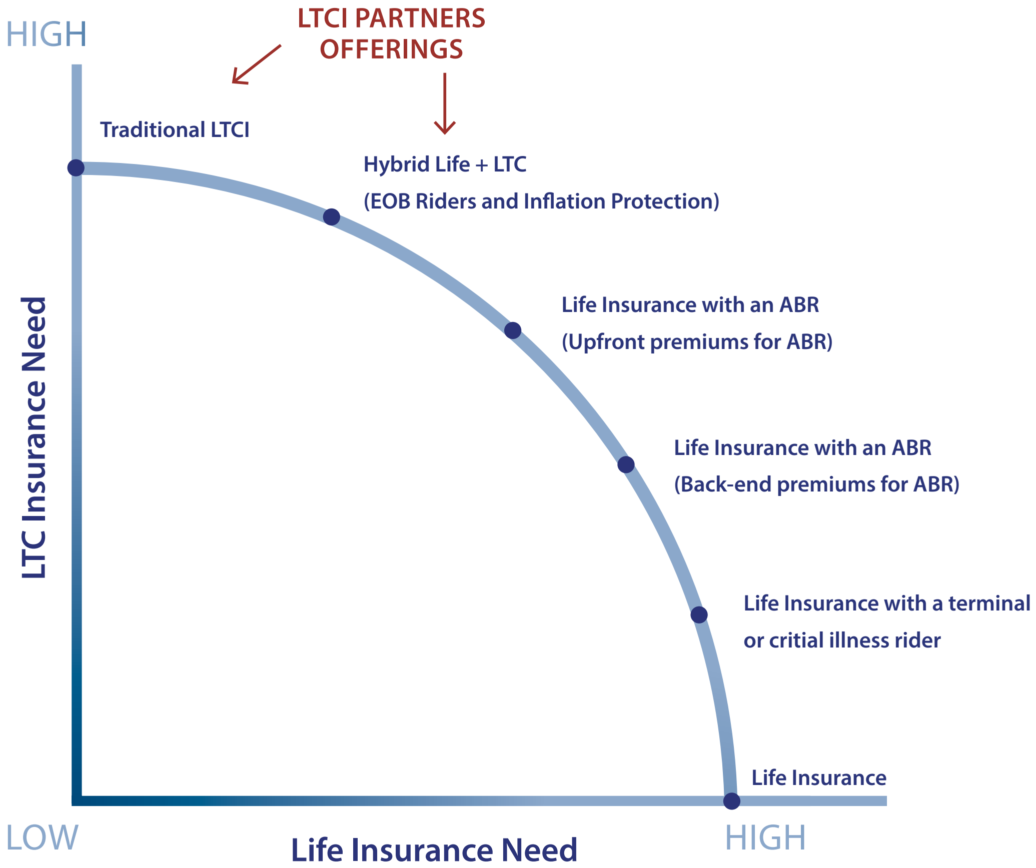
Why do clients see value in these products?

- No "use it or lose it" objection
- Guaranteed premiums
- Indemnity or cash benefits
- Limited payment options
- Informal care covered
- International benefits
- Death benefit

Who is a suitable candidate for these products?

- Clients whose primary planning focus is long-term care
- Affluent clients
- Clients looking to reposition assets to fund coverage
- Clients with significant qualified accounts or nonqualified annuities
- Clients looking for short premium durations
- Clients concerned about premium increases
- Younger clients interested in market growth

Suitability



Coverage Guide

Traditional LTC Insurance: Client's primary purpose of securing coverage is protecting against a long-term care event. Typically, this solution provides the most benefit per premium dollar.

Hybrid Life + LTCI (EOB riders and inflation protection): Client's primary purpose is protecting against a long-term care event but is concerned about the "use it or lose it" structure of traditional LTC insurance. Client wants guaranteed premiums and the ability to pay the policy off in a shorter period of time.

Life Insurance with an ABR (upfront premiums for ABR): Client wants a multi-functional life insurance product with the ability to accelerate the death benefit on a known dollar-for-dollar basis if LTC is needed in the future.

Life Insurance with an ABR (back-end premiums for ABR): Clients who are focused on purchasing life insurance who find potential LTC benefits a "nice to have" feature of the policy.

Life Insurance with Terminal or Critical Illness Rider: Clients who are purchasing life insurance to provide death benefit to their beneficiaries, but like the idea of having "living benefits" for a critical or terminal illness.

Part 5: Comparing Insurance Solutions

	Traditional LTCI	Hybrid Life + LTCI	Life Insurance + LTCI, CI or ADB Rider
Coverage Focus	Client's primary focus is on LTC benefits	Client's primary focus is on LTC benefits	Focus on Life insurance, with the ability to access the death benefit for LTC needs
Medical Underwriting	Full medical underwriting	Streamlined underwriting process	Full medical underwriting
Payment Options	Continuous (lifetime) payments 10-pay available with select carriers	Single pay Extended pay options (ranging from 5 to 20+ years)	Single pay Extended pay options (ranging from 5 to 20+ years)
Death Benefit	No	Yes	Yes
Return of Premium	Available with select carri-ers	Yes	No
Claims Payment Method	Reimbursement	Reimbursement or Indemnity	Reimbursement or Indemnity
Guaranteed Premium	No, except for 10-pay plans	Yes	Varies by carrier
1035 Exchange Eligible	Available with select carriers	Yes	Yes
Automatic Inflation Protection Option	Yes	Yes	No
Tax Deductible Premiums	Yes	Yes	No

Note: With selected accounts, LTCI Partners offers both short-term care insurance and annuity and LTC insurance. However, for the purposes of this guide, we focused on traditional and life insurance-based combination products. To learn more about these insurance solutions, please call our Sales team at 877.949.4582 or email us at sales@ltcipartners.com.

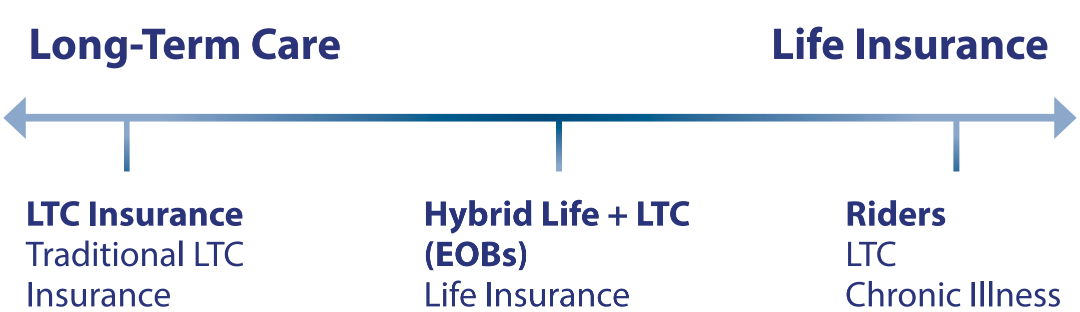
Part 6:
Making Coverage Recommendations

We are often asked by advisors and their clients, “What is the best solution or what is the best product?” We are not trying to be evasive, but the answer is “It depends.” What we mean by that is that each client’s needs are unique, and the right type of fact-finding will help us determine the optimal solution.

Finding the Best Fit for Clients

- What is your client’s health history?
- How much coverage does your client need today and at age 85?
- Does your client already own Life insurance?
- Is your client interested in securing additional Life insurance?
- Is your client’s tolerance for insurance budget or premium?
- Does your client want to hedge against the risk or fully transfer the risk?
- Are your clients comfortable paying for a “pure protection” product?
- Are premium guarantees important to your clients?
- Is your client a business owner?
- What’s important to your client? Product pricing, benefits/features, carrier claims paying ability, ratings, etc.?
- What are your client’s preferred funding options (cash/savings/1035 exchange/qualified money)?

As we conduct our fact-finding conversations with you, expect us to address these important considerations that lead us to making suitable recommendations.



Part 7: Best Practices for Presenting and Preparing Solutions

Rather than relying on a rigid script, we recommend an approach that emphasizes more of a **situational playbook**. The most successful advisors respond dynamically based on what a client says and feels. It's not about clever sales phrases, but about **listening**, **building value** and **making recommendations** that resonate with the client's motivations and concerns. Our approach is rooted in theories of behavioral economics, and the intent is to help you synthesize data and communicate effectively with your clients.

Most of the advisors that we work with do not specialize in LTC insurance solutions, so this roadmap to client conversations should prove to be valuable. We also encourage you to bring in an LTC insurance expert to these conversations. LTCI Partners provides point-of-sale support, where we lead these presentations/proposal reviews.
Click here to learn more.

Roadmap for Presenting LTC Insurance Solutions

Opening the Conversation

Start with an open-ended question: ***"What motivated you to look into this today?"*** This question uncovers the client's mindset. While answers vary, they typically fall into three to four common categories:

1. Personal experience.
2. Just doing some research.
3. My advisor suggested that I look into this as part of my financial plan.

Be prepared with tailored follow-up questions or simply say "Tell me more" for each of these categories.

Next step is to gauge the client's understanding about LTC insurance. You can ask questions such as:

- How well do you understand this coverage?
- Have you looked at LTC insurance before?
- Where are you in this planning process?
- Would you like me to define how the coverage works?

Explaining LTC Insurance Options

If the client's primary motivation is to solve a long-term care problem, then there are typically three types of LTC insurance solutions to discuss:

1. Traditional LTC Insurance

- Pure insurance: Client pays premiums and receives benefits if care is needed.
- No cash value or return of premium if unused.
- Ongoing or continuous-pay premiums.
- Generous tax treatment for business owners.

2. Hybrid/Combination (Life + LTC) Products

- Combines life insurance with LTC coverage.
- If care isn't needed, a death benefit is paid — often equal to or exceeding premiums.
- Offers guarantees and flexibility.
- Limited premium payment options available.
- Tax deductibility for business owners (LTC rider costs only).

3. Annuity + LTC Products

- Single premium products.
- Benefits grow tax-free.
- Additional LTC funds added by insurer.
- Lower monthly payouts but appeals to those who prefer asset ownership.
- Target client is 65+.

Framing the Planning Conversation

Long-Term Care insurance is not complicated; it is just unfamiliar to most clients.

We have learned through our experience and study of behavioral finance that it is more effective to share what long-term care planning can do for clients versus leading with product features, benefits and pricing. Additionally, choice architecture (framing coverage options) is critical to an advisor's success in these conversations.

Here is a simple way to explain different plan design options with clients:

- **More Coverage:** Fully transferring the risk to an insurance company. This strategy may work well for clients that desire robust insurance benefits and are willing to spend more for this coverage.
- **Most Popular:** This approach draws on the theory of social norms, where we are interested in what our peers are doing. In many cases, this approach is a co-insuring design where the client is hedging against the LTC risk.
- **More Affordable:** This strategy is typically utilized with budget-conscious clients who are looking for meaningful benefits. Many advisors subscribe to the idea that some coverage is better than no coverage.

There is no perfect equation for designing LTC insurance plans. Each situation is unique, and recommendations should be based on what the client is looking to accomplish and what their philosophy is about risk.

Explaining How LTC Insurance Works

LTC insurance isn't just about covering the costs of care. It's about helping with something far more personal: making sure someone can get the support, dignity and comfort they deserve — without placing that weight on the people they love.

To convey that, it's important to avoid using LTC insurance jargon and to explain the benefits of this coverage in our daily language:

- **Lifetime Maximum Benefit:** Think of this like a savings account balance. This is simply how much you can access in a pool of dollars for long-term care support and services.
- **Monthly Maximum:** Determines how quickly benefits are accessed. Most products pay benefits on a monthly basis, whether your clients are reimbursed or receive a cash benefit.

- **Growth Option:** Clients typically select a 3% annual growth option that increases their benefits over time. This feature puts the policy on “auto pilot” when it comes to growth. Benefits grow from day one to when the policyholder is on claim. The policy growth is income tax-free.
- **Elimination Period:** Advisors describe this as a deductible or waiting period, which is stated in days (e.g., 90 days), before benefits are paid out.

Policyholders have flexibility to design a plan that meets their needs. LTCI Partners can assist with plan design recommendations based on fact-finding that you have done with your clients.

Presenting Coverage and Cost

When we ask advisors and their clients what they want a policy to accomplish, nobody has ever answered us in dollar amounts. They talk about what those dollars mean, such as:

- Access to quality care.
- Choice in the care setting (home care, assisted living and/or skilled nursing).
- Feeling more confident that they won’t become a burden on loved ones.
- Protecting relationships that matter most by reducing the caregiving and financial burden.

LTC insurance planning is not solely about protecting assets. It is about protecting what those assets represent: financial continuity and stability for spouse or family, easing financial stress, avoiding rushed or painful decisions, or preserving the legacy they hope to leave behind, whether it’s for family, charity or both.

At the heart of it, LTC insurance planning can be described as emotional planning, not simply financial planning. Don’t focus on ***what a policy IS*** (pool of money, elimination period, etc.). Focus on what a ***policy DOES*** (what the benefits mean as per the above).

It is best to start with an arbitrary coverage amount to illustrate the cost-benefit relationship of these products. Premiums scale proportionally, so you can add or subtract coverage or adjust the plan design accordingly.

Informal Comparison Before Formal Proposal

Client suitability and the due diligence process are important to both advisors and clients. Doing the right thing and recommending the right insurance solutions are important to all parties of this transaction. Using side-by-side summaries or product analysis can help facilitate dialogue. However, we recommend that you avoid formal illustrations until the client’s preferences and budget are clear. Asking the right questions will enable you to identify and implement the correct approach. At that point, you can pivot to presenting a formal illustration **with LTCI Partners assisted sale support or on your own**.

Advancing the Sale

We shy away from the word "closing" — it puts undue pressure (conscious or unconscious) on the advisor and their clients. Focus on advancing the conversation, which can lead to sales. Here are some suggestions to wrap up your conversation after presenting LTC insurance solutions:

- "How do you feel about what we have covered?"
- "Does this address what you said was important to you?"
- "It seems like you understand this risk and you know you need to do something about it. Did I characterize that the right way?"
- "I know we covered a lot, and I may have moved quickly; did I miss anything or not explain something clearly?"

We suggest that you avoid follow-ups like, "Ok, call me when you are ready."

We have all heard and likely said, "I need to think about it." This statement is meaningful. LTC insurance coverage is not inexpensive, and thinking about one's own mortality and morbidity is not easy. As you know, most people will think about it and not take any action. Therefore, it is important that advisors set a time-bound follow-up using relatable deadlines (e.g., end of month, holidays, birthdays, events).

Following Up with Clients (post illustration review)

The most successful advisors have a bona fide strategy to follow up with clients or "nudge them" to make good decisions about their planning. It can be an email, text or phone call, but it is important for advisors to remind clients of these conversations and to create a plan for long-term care whether it is utilizing insurance or not.

Part 8: LTC Insurance Planning Considerations

Once the need for LTC planning is identified and that insurance may be suitable for a client, we pivot to funding and sales strategies. Here are some considerations that may lead to product and planning recommendations:

Business Owners

LTC insurance enjoys unique and preferential tax treatment for business owners. **Click here for our updated tax guide**, which provides a detailed overview of the tax advantages of this coverage for all types of business entities.

Clients That Want to Self-Insure

In these scenarios, our team of consultants tend to focus on Hybrid Life + LTC plans that provide dual-purpose benefits. We encourage advisors and their clients to think about repositioning assets to fund Hybrid Life + LTC insurance plans.

1035 Exchange Opportunities

For clients who have permanent life policies with cash value, these policies can act as a funding option for LTC insurance using a partial or full 1035 exchange. Many advisors think of this as life stage planning; as a client matures, their need for life insurance decreases and their need for Long-Term Care insurance increases. A 1035 exchange is an efficient way to pay for Long-Term Care insurance.

Using Qualified Money to Pay for LTC Insurance

The Pension Protection Act (PPA) of 2006, enables clients to use their IRAs to pay for Long-Term Care insurance. This is a tax-efficient strategy that allows people to reduce long-term costs and simplify the process of planning for long-term care. This strategy converts retirement dollars into tax-free LTC benefits while managing how and when taxes are paid. Additionally, the PPA allows nonqualified annuity policyholders to convert those plans into Hybrid Life + LTC insurance policies on a tax-favored basis.

Impaired Risk Opportunities

Not all clients are healthy, and not all clients are insurable for traditional or Hybrid Life + LTC. In these situations, we tend to explore annuity + LTC options and short-term care. With both of these insurance solutions, we can support these impaired risk cases. If you would like to prequalify one of your clients with us, click here for **our secure/HIPAA compliant underwriting screen**.

Suitability

Most of our client base is comprised of advisors who occasionally sell LTC insurance solutions. This means advisors who sell around two or fewer LTC insurance policies per year. Our business is not unique; the majority of LTC insurance sales in the industry come from agents who are not LTC insurance specialists. This reality led us to building a business that supports advisors and their clients in a hands-on way.

Sales and Brokerage Support

Advise	Implement	Serve
• Fact-finding • Medical underwriting support • Plan design consulting • Proposal support • Competitive analysis • Advisor training • Educational events (in-person and virtual)	• Point-of-sale support • Application fulfillment service • Case management • Licensing and contracting	• In-force policy review • Premium increase consulting • Policyholder service and support

Product Solutions:

- Traditional LTC Insurance
- Hybrid Life + LTC Insurance
- Annuity + LTC Insurance
- Short-Term Care Insurance
- Worksite LTC Insurance

Contact Us:

877.949.4582

sales@ltcipartners.com

Book time with our sales team

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