Lincoln Financial Group®
You're In Charge®

HYBRID LONG-TERM CARE FUNDING SOLUTIONS GAINING POPULARITY

A trend we expect to continue as waves of Americans near retirement age

By **Bill Nash**
VP of MoneyGuard® Distribution
Lincoln Financial Distributors, Inc

A PRIMARY CONCERN FOR RETIREES IS OUTLIVING THEIR SAVINGS; AND UNPLANNED EXPENSES, SUCH AS LONG-TERM CARE (LTC) COSTS, CAN HAVE A LARGE IMPACT ON EVEN THE BEST RETIREMENT PLANS. WITH HALF OF AMERICANS, AGE 65 AND OLDER, NEEDING SOME FORM OF LTC, PLANNING EARLY FOR THESE EXPENSES CREATES MORE ROBUST FUNDING OPTIONS. ONE OF THOSE OPTIONS IS THE RELATIVELY NEW AND POPULAR HYBRID LIFE/LONG-TERM CARE INSURANCE.

With the beginning of the new year upon us, here are three reasons why hybrid LTC solutions are a great asset for your clients to consider as part of a well-rounded financial portfolio.

Greater Financial Flexibility Has Enabled Hybrid Solutions to Grow in Popularity.

REASON 1: FLEXIBILITY

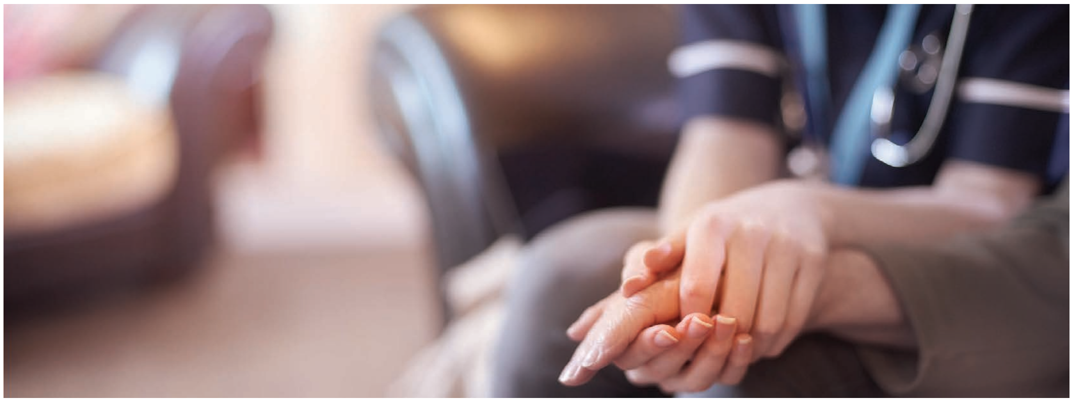
Hybrid/life long-term care products, also called "combination products," are different from traditional LTC insurance in that they do not solely cover LTC expenses. Hybrids offer clients LTC benefits if they need them and life insurance benefits if they don't. These include death benefits for beneficiaries or cash through the return of premium should clients decide they no longer need the insurance.

Put simply, there is no "use it or lose it" concern with these asset-based solutions. Clients are covered for high quality, professional care if they require it. If they pass away without needing LTC, their beneficiaries will receive death benefits. This flexibility is a primary reason for the growth in hybrids to where they now represent 80% of the individual market for LTC solutions.[1]

80%

Hybrid life/long-term care combination products now represent nearly 80% of the overall market for individual long-term care solutions.

Source: LIMRA, "U.S. Individual Life Combination Products: Annual Review 2017," page 9.



For agent/broker use only. Not for use with the general public.

REASON 2: STABILITY

Hybrids are very attractive for clients looking for more predictable premiums that don't last forever and won't increase over time. Hybrids may also offer extended payment options, which help keep annual premiums as low as possible. Depending on the age of your client, premiums can be spread out for up to 25 years. This can help make coverage more affordable, especially during the years clients may have competing financial priorities.

Clients who purchase LTC insurance when they are relatively young may be decades from using their LTC benefits. They are unaware of the level of care needed and its associated cost that far in the future. You can help clients by reviewing the projected costs of care with them by accessing Lincoln's interactive website, www.WhatCareCosts.com. It provides yearly and monthly costs by type of care in your location and in the state(s) where clients may plan to retire. Use the link to the website and enter "Lincoln" as the sponsor code for free access to the information.

Hybrid life/LTC solutions offer choices and convenience to help individuals remain independent for as long as they can.

REASON 3: ELIGIBILITY

Eligibility requirements for hybrid products can be simpler than for traditional LTC products, and individuals may qualify for lab-free underwriting. This means that, independent of other factors, clients may not need to pass invasive lab tests to be approved for long-term care coverage.

> Everyone needs to plan, and the earlier they plan, the more options they will have to receive the type of care they want.

Some policies, Lincoln MoneyGuard* among them, also help minimize out-of-pocket costs for clients when they qualify for benefits by having a "zero-day" elimination period. This means care benefits are available on day one, where other policies may have clients waiting as many as 90 days before they begin receiving benefits.

When it comes to planning for care, the best advice you can give your clients is: Everyone needs to plan, and the earlier they plan, the more options they will have to receive the type of care they want. You may hear clients say, "I wouldn't need care until I'm older, at least in my late 60s or 70s." And while it's true they are more likely to need care later in life, financial advisors believe that planning should begin at age 50.[2] Younger clients have a better chance of being eligible for coverage due to good health, can take more time to pay using lower annual premiums, and may lock in better rates.

Hybrid life/long-term care insurance offers options for how the benefits can be used, has a stable payment and premium model, and may have streamlined eligibility, resulting in a better client experience. The start of a new year is a great time to evaluate financial plans and Lincoln Financial Group encourages everyone to have a conversation with their clients about their plans for long-term care.

---

[1] *LIMRA, "U.S. Individual Life Combination Products: Annual Review 2017," page 9.*

[2] *Versta Research, "2017 LTC Marketing and Thought Leadership Research, Findings from Surveys of Advisors and Consumers," https://newsroom.lfg.com/sites/newsroom.lfg.com/files/doc_library/file/2017_Long-Term_Care_Thought_Leadership_Research_Source_Deck.pdf, February 2018.*

Not a deposit
Not FDIC-insured
Not insured by any federal government agency
Not guaranteed by any bank or savings association
May go down in value

©2019 Lincoln National Corporation

LCN-2327145-112618
POD 2/19 **Z01**
Order code: MGR-HYBRID-ARC001

Lincoln *MoneyGuard*® solutions are universal life insurance policies with riders that reimburse for qualified long term care expenses.

*In NY, there is a 90-day elimination period.

This material should be regarded as educational information and is not intended to provide specific advice. If clients have questions regarding their particular situation, they should contact their legal or tax advisors.

Affiliates include broker-dealer/distributor Lincoln Financial Distributors, Inc., Radnor, PA, and insurance company affiliates The Lincoln National Life Insurance Company, Fort Wayne, IN, and Lincoln Life & Annuity Company of New York, Syracuse, NY.

For agent/broker use only. Not for use with the general public.