Different Types of Long-Term Care Policies

Traditional LTC Products are a little more like homeowner's or car insurance. You pay to transfer a risk to the insurer. They provide a pool of tax-free dollars that you can go to first when care is needed. Typically, they haves a 90-day elimination, or waiting period, before benefits start. During this time, one generally pays their own costs of care. Riders to shorten this elimination period are available.

These policies are "Comprehensive." Benefits may be used as you choose towards all levels of professional care, including home health care, assisted living, adult day care, memory care, and skilled nursing care.

Premiums tend to be paid over a lifetime, although shorter pay options are available. Riders such as "Shared Care" for couples allow for the sharing of benefits pools and "Joint Waiver of Premium" allow for premiums to be waived when one becomes benefit eligible. Traditional products may be subject to rate increases over time.

Hybrid long-term care policies are based upon a life insurance chassis. Should dollars never be needed towards long-term care the estate may inherit a lump sum benefit. The dollars remain an asset for the policy holder, as a policy may be surrendered for cash, if needed. Fixed payment terms exist such as single, five, ten or twenty years, and even pay to 100 models. Payments can be made from an asset transfer, such as a 401K. These products have a fixed premium over the payment lifespan.

Alternate care policies are often right for people who are older or health impaired. Health is a criterion for underwriting traditional long-term care policies, but less so for these short-term care plans. These policies have shorter durations for payments and tend to define that they are for home or facility care. They can provide significant payouts, often at lower costs.

If you would like more information, contact