

Long Term Care Benefit Plan – Overview

Instead of allowing a life insurance policy to lapse or be surrendered; the owner of the policy can convert the policy into a Long Term Care Benefit Plan.

A **Long Term Care Benefit Plan** is the conversion of an in-force life insurance policy into an irrevocable, FDIC-insured Benefit Account that is professionally administered with payments made monthly on behalf of the individual receiving care. Policy owners use their legal right to convert an in-force life insurance policy to enroll in the benefit plan, and are able to immediately direct monthly payments to cover any form of senior care they choose: Homecare, Assisted Living, Nursing Home, Memory Care, and Hospice.

This option extends the time a person would remain private pay and delays their entry onto Medicaid. It is a unique, tax free financial option to pay for care because all health conditions are accepted, and there are no wait periods, no care limitations, no costs to apply, no requirement to be terminally ill, and there are no premium payments.

What does converting a policy mean? It means the policy is sold for a percentage of the death benefit (the range can be between 30%-70%) and the funds are placed into an irrevocable, FDIC insured Benefit Account held and administered at a nationally chartered and regulated Bank and Trust institution. The entire proceeds from the policy settlement are placed into the account and then at the direction of the family, the monthly payments are made directly to their choice of care provider. If care needs change, and the family wants to change care provider and/or the monthly payment amount all they need to do is provide 30 days' notice to adjust the account instructions. From the time of acceptance of the conversion offer, the account can be established and funded, with payments to the care provider starting within 30 days. In addition to being a Medicaid qualified spend-down inside the look back period, the Benefit Account is tax free because the funds are spent on care.

This program is endorsed by over 5,000 Assisted Living, Homecare and Nursing Home companies. National companies such as Emeritus Senior Living, Brookdale Senior Living, Visiting Angels, Genesis Healthcare, and Sunrise all offer this program in their communities across the United States to families with life insurance policies that are looking for financial assistance.

What are the requirements to enroll in the Long Term Care Benefit Plan?

- 1) In-force life insurance policy (Term, Universal, Whole and Group) with a death benefit between \$50,000-\$1,000,000
- 2) Current need for Homecare, Assisted Living, Nursing Home Care, Memory Care, or Hospice (within 3-6 months of enrollment)

Enrolling in the Benefit is a 4 step process that takes about 30 days:

- 1- The policy owner will sell their life insurance policy for a percentage of the face value.
- 2- The proceeds from the policy sale are placed into an irrevocable, FDIC insured "Control Account" in the name of the policy owner.
- 3- At the direction of the account holder, the Account will make automatic monthly payments to their choice of care provider.(a)
- 4- The entire amount placed in the Account is protected and can only spent on long term care services (every account reserves a funeral benefit).(b)

(a) The monthly amount and provider of care can be changed with advanced notice; (b) Any remaining Account balance in excess of the funeral benefit in the case of a death is paid to one or more named "Account Beneficiaries".

Highlights of the Long Term Care Benefit Plan:

- Specifically for people that have an immediate need for Senior Care of any form: Homecare, Assisted Living, Nursing Home, Memory Care, Hospice (usually within 90 days)
- Works for Term (convertible or non-convertible), Universal, Whole and Group policies with death benefit of \$50,000-\$1,000,000
- Simplified underwriting requirement (review of medical records from last 2 years and phone interview to confirm need for care and type of care to be funded with Benefit Account).
- The entire proceeds from sale of the policy will go into an irrevocable, FDIC insured bank & trust account
 - The account is irrevocable to protect the money for the account holder
 - The account is a Medicaid qualified spend-down so once the account is spent-down the account holder can immediately switch to Medicaid to pay for their care
 - The account is tax advantaged because the funds spent on long term care are tax free
- The Account preserves a funeral benefit for the family or it will pay the entire balance to the family if the account holder dies before the account has been spent-down.
- The Account pays a monthly benefit directly to the care provider of choice
 - Amount and provider can be changed with 30 day notice
 - Additional amount can be drawn for one-time special need circumstances
- Fast and easy process to apply and enroll in a Long Term Care Benefit Plan
 - Average time to enroll and start receiving first benefit payments is **30** days
 - no costs
 - no obligations
 - no more premiums

AARP of Florida Spokesman Jack McRay: “I believe it could be a win for Medicaid service recipients, a win for the fiscal soundness for Medicaid, it could be a win for potential beneficiaries under life insurance policies and I think it could be a win for long-term care service providers.”

New York Times- A New Way to Pay for Long Term Care (October 9, 2013): I was visiting an assisted living facility recently with my sister, whose disability made that a prudent choice, when the marketing manager handed us a brochure. It asked, “*Did you know a life insurance policy can pay for long-term care expenses?*” Life Care Funding, **said Chris Orestis the chief executive**, pays older adults an average 40 to 45 percent of a policy’s face value. Life Care Funding puts the money in an F.D.I.C.-insured account used to send monthly payments directly to a long-term care provider: a nursing home or assisted living facility, an adult day program, a home care agency, a hospice, an individual hired privately for home care. You can switch from one provider to another as your needs change, but you can’t use the money for a vacation (or blow it at a casino).