

Insurance Products That Give Clients the Best of Both Worlds

▶ Traditional long-term insurance, traditional permanent life insurance or a combination of the two can give clients an individualized solution to their retirement planning or legacy funding needs.

By David E. Appel

We work almost our entire lives, building funds and planning for our retirement. Some of us are lucky enough to work for a company that's truly vested in us, working toward enjoying our future with the benefits we receive from our employer.

One of my clients had the great fortune to work for someone who wanted to make sure the retirement and financial plans they provided for her would benefit her in the long run. As she retired from her 35-year tenure as director of a private school, the school worked with her to choose which option would benefit her most. Due to her hard work and dedication to the school, from both an academic and charitable aspect, the school wanted to do something special for her as part of her retirement benefits. They wanted to take a closer look and evaluate the money they were putting forth to make sure they were providing my client with the most beneficial plan for her lifestyle. When the school compared the premium they were currently allocating for traditional health insurance versus additional options I presented them, they saw an opportunity to help this deserving individual.

Consider Multiple Options Post-Retirement Planning

I presented three different options for a post-retirement plan, including traditional long-term care insurance (LTCi), traditional permanent life insurance and a combination of the two, which includes a long-term care (LTC) rider. The solution of combining traditional LTCi and permanent life insurance with a



LTC rider was seen as the most beneficial choice for my client. Because my client is married, this solution gives her the best of both worlds with her insurance, as well as a potential benefit for her spouse and beneficiaries.

The combination plan is more beneficial because, although a traditional LTCi plan covers home health care and home care needs, it also can provide a zero-day home health care elimination period rider. If a client needs home health care, they can start receiving benefits from their contract immediately while still satisfying the elimination period for nursing home or assisted living care under the life insurance policy with LTC rider.

Traditionally, Medicare pays in full for the first 20 days in a nursing home and a portion of the cost for the next 80 days. After 100 days, Medicare no longer pays any benefit. During that time, a client is typically satisfying their 90-to-100-day elimination period on their LTC or life insurance policy, which will not kick in until the Medicare period is through.

Piggybacking the plan with life insurance also provides the client with a death benefit. This enables the return of all premiums to the beneficiaries if LTC is never used. Additionally, if both spouses are being insured and one partner uses all their funds from the plan, they can tap into their partner's funds with a shared care rider. This provides a security to the

family in two ways — leaving a legacy if the plan isn't used and providing assistance to a partner in need.

While this type of plan would be best for couples since they can tap into each other's funds, if a single person has beneficiaries — nieces, nephews or charitable intentions — this may be a good option for them as well. If a client doesn't have beneficiaries, they're not as apt to leave a legacy with life insurance so the combination plan discussed may not be the best fit.

How to Know Whether It's the Right Plan

Until we meet a client for the first time, we as insurance and financial advisors are unfamiliar with their thought process, or such information as whether they have beneficiaries. During the first meeting, it's important to gather as much information as possible to help provide the best financial planning decision for each unique client. Be upfront with your clients and present them with all the potential options. Some situations call for a singular plan while others may further benefit from a combination of products.

When looking at the most beneficial plans for clients, it's important to factor in multiple variables — overall financial background, geographic location, marital status, children or beneficiaries. In my experience, the best way to help a client is to present them with each potential outcome, the advantages of each product and how that product can help in the long term for life and beyond. [in](#)

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