



# Hybrid Life Insurance Policies With Long-Term Care Coverage<sup>1</sup> Questionnaire

What to know about hybrid life insurance policies with long-term care coverage, plus questions to ask your financial professional.

With retirement on the horizon, one important topic to discuss with your financial advisor is whether you need long-term care insurance. Hybrid life insurance policies with long-term care coverage have become increasingly popular because they can protect your loved ones and you, should you need it. Sales of hybrid life insurance policies with long-term care coverage rose from \$210 million in 2012 to \$480 million in 2016.<sup>2</sup>

“A lot of people think long-term care coverage is something you get when you’re 65 or starting to have health issues,” said Betty Doll, long-term care insurance planner and principal of Doll & Associates Long Term Care Insurance Services.<sup>3</sup> “I advise clients to plan early, before care is likely needed.”

Here are a few key facts about hybrid life insurance, along with questions to ask your financial advisor about this type of coverage.

## Hybrid life insurance with long-term care coverage benefits

Hybrid policies are flexible, letting you draw benefits in two ways:

### Long-term care benefits

You can use part of the policy’s death benefit to help pay for long-term care costs, such as qualified home care or assisted living.

### Life insurance benefits for loved ones

If you don’t use the policy’s long-term care benefits, your beneficiaries can receive the policy’s full death benefit when you pass away. And if you do tap into the policy’s long-term care benefits, your beneficiaries would receive a reduced death benefit.<sup>4</sup>

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Either way, you get value out of a hybrid life insurance policy. On the other hand, traditional, stand-alone long-term care policies are generally “use it or lose it”: If you never need long-term care, you could pay premiums for decades and receive no death or long-term care benefits.

## Questions to ask your financial advisor

Buying long-term care insurance is a big decision. Your financial advisor can help you decide whether you need insurance and, if so, whether a hybrid life insurance policy would be right for you.

### **If I already have life insurance, would a hybrid policy make sense for me?**

Discuss your other life insurance policy with your financial advisor to decide whether you should – and can – convert that into a hybrid policy.

### **How would buying a long-term care policy affect assets such as my home, business, or gifts I want to make to my grandchildren?**

If you need long-term care for an extended period, you might need to use financial accounts and assets you had earmarked for other goals. Your financial advisor can help you decide whether long-term care insurance could help safeguard important assets.

### **Given my age and health history, how likely am I to qualify for either a traditional long-term care policy or hybrid life insurance policy?**

Your current health, age, and family health history determine whether you'll qualify for long-term care insurance and what you'll pay in premiums. The younger and healthier you are, the more coverage you may be able to get.

### **How can I ensure I'm picking the right insurance company and how do I know that this company is going to be around in the future?**

You and your advisor can check ratings online regarding the financial strength of insurance companies by ratings organizations such as A.M. Best, Moody's, and Standard & Poor's. Each rating agency has its own rating scale and rating standards. Your financial advisor can also access the insurer's Comdex score, which averages all the ratings these organizations give an insurance company.

### **Do I have the financial assets to pay for long-term care costs on my own, without insurance?**

The average cost of future long-term care services for an American turning 65 today is \$266,000.<sup>5</sup> Your advisor should carefully review your estimated retirement income and the financial assets you have available. Assets might include a house or investments you could tap. Your advisor can help determine:

- How long your existing assets could cover long-term care costs
- Whether you can afford to self-insure for care costs
- Whether a long-term care policy would make sense for you
- How using existing assets could affect your family's financial future

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Before you talk with your financial advisor about hybrid life insurance, consider filling out the “Preparing to Discuss Hybrid Life Insurance Policies With Long-Term Care Coverage” worksheet at [brighthousefinancial.com/education/healthcare-planning-for-retirement](https://brighthousefinancial.com/education/healthcare-planning-for-retirement).

It features questions for you to answer regarding your lifestyle and care wishes, health, and finances, as well as additional questions to ask your financial advisor, to help ensure a productive conversation about whether hybrid life insurance is right for you.

<sup>1</sup> Long-term care coverage is provided through riders at an additional cost.

<sup>2</sup> “Combination Products Giving Life Back to Long-Term Care Market,” LIMRA, November 9, 2017.

<sup>3</sup> Personal opinion. Betty Doll was compensated for her participation. Interview took place in October 2018.

<sup>4</sup> Subject to any loans, surrenders, or withdrawals.

<sup>5</sup> Melissa Favreault and Judith Dey, “Long-Term Services and Supports for Older Americans: Risks and Financing Research Brief,” U.S. Department of Health & Human Services, February 2016.

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All guarantees, including any optional benefits, are subject to the claims-paying ability and financial strength of the issuing insurance company. Each issuing insurance company is solely responsible for its own financial condition and contractual obligations.

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