

Long-Term Care Hybrid Products Give Buyers More Options

With many people unwilling to purchase long-term care insurance policies due to the cost, insurers are rolling out new products that combine long-term care insurance with either a life insurance policy or an annuity. These new products have been on the market for awhile, but they are gaining in popularity due to a law that goes into effect Jan. 1, 2010, making distributions from life insurance and annuities tax free when used to pay nursing home costs.

Even though long-term care costs continue to rise, long-term care insurance has not become widespread. Long-term care insurance is expensive and many people do not want to pay premiums for something they might not need. A hybrid product has the benefit of combining two products into one. If you don't use the long-term care insurance, you can still benefit from the life insurance or the annuity.

The products vary in the details, but the general idea of a hybrid life insurance policy is to allow a buyer to purchase a cash-value life insurance policy and to use a portion of that policy for long-term care benefits, if necessary, and keep the rest as a death benefit that will be paid to the purchaser's beneficiary. If long-term care benefits are used, the death benefit may be reduced.

Hybrid annuity products also vary significantly, but in general they allow a buyer to purchase a fixed deferred annuity with a long-term-care rider attached. The annuity may pay out for a specific number of years or for life. For example, a purchaser could deposit \$150,000 into an annuity. The annuity would provide approximately \$4,700 a month of long-term care benefits for 36 months. For an additional cost, the purchaser could get the \$4,700 monthly benefit for life.

While a two-for-one product may seem attractive, these products are not for everyone. For one thing, you may have less flexibility with a combined product than you would with a stand-alone product. Hybrid products may not cover home care or include inflation protection, for example. In addition, hybrid products may not offer enough long-term care coverage for what you need. It is impossible to predict exact coverage needs, but [click here](#)

<http://www.elderlawanswers.com/how-much-long-term-care-insurance-should-you-purchase-12036> for more information on how to figure out how much insurance to purchase. A hybrid product is likely less expensive than purchasing two separate products, but it is often more expensive than purchasing a stand-alone long-term care insurance policy.

As with any major purchase, you need to evaluate it carefully before purchasing. Before

deciding what to buy, get advice from an impartial investment advisor not a sales agent who makes a commission off the sale of policies.

For more information on long-term care insurance, [click here](http://www.elderlawanswers.com/long-term-care-insurance)
(<http://www.elderlawanswers.com/long-term-care-insurance>).

For an article on hybrid long-term care insurance policies from *MarketWatch*, [click here](http://www.marketwatch.com/story/new-products-may-ease-bite-of-long-term-care-costs?siteid=yhoof2)
(<http://www.marketwatch.com/story/new-products-may-ease-bite-of-long-term-care-costs?siteid=yhoof2>).

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