

3 Quick questions about long-term care insurance

Long-term care (LTC) insurance is often thought of as a safeguard for those who can't afford extended care. But for high-net-worth individuals and families, the decision to plan ahead isn't about affordability — it's about protecting liquidity, minimizing tax exposure, and preserving legacy goals.

Here are three key questions to consider when evaluating long-term care as part of your wealth strategy:

Does long-term care insurance make sense if i can afford to self-insure?

High-net-worth families often plan to cover care costs directly. But that approach may disrupt other priorities, like charitable giving, trust distributions, or preserving business equity. A long-term care event lasting for 3 years can cost over \$1 million in today's dollars, which could rise to approximately \$3 million in 20 years due to inflation. Self-funding from investments or reserved cash can affect your estate plan, increase taxable exposure, and force liquidation at the wrong time.

LTC coverage can create a dedicated, tax-advantaged funding source without compromising your broader financial strategy.



When does long-term care insurance become relevant for my family?

Long-term care insurance becomes relevant long before you need it, because it protects more than just your care.

If you or your spouse develop a chronic illness, need in-home assistance, or face cognitive decline, costs can escalate quickly. Under most policies, benefits begin once you need help with two or more "activities of daily living" (e.g., bathing, dressing, eating), or are diagnosed with dementia or similar conditions.



Planning early can help secure:

- Lower premiums and favorable underwriting
- More flexibility in structuring ownership or trust vehicles
- Strategic timing for business deductions or gifting strategies

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What kind of policy works best for high-net-worth individuals?

Traditional standalone LTC insurance policies have become less attractive in many markets due to rising premiums and limited flexibility. As a result, many high-net-worth clients are opting instead for hybrid policies (also called linked benefit or asset-based LTC), which combine LTC coverage with life insurance or an annuity. These modern solutions often offer locked-in premiums and benefits, cash indemnity payouts rather than just reimbursement, return of premium or death benefit options if care is never needed, and potential tax advantages when structured properly through a business entity or irrevocable trust. In this way, they align LTC planning with broader goals of liquidity management, tax efficiency, and legacy preservation.



If you're considering your options — or haven't revisited your long-term care strategy in a while — now's the time. Contact us to discuss solutions tailored to your financial goals, family priorities, and legacy plan.

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