

# **Long Term Care Insurance**

**Averts Financial Crisis  
While Creating**

**TAX FREE Cash Flow**

# Funding the cost of your chronic disability

What's your strategy?

Plan A:       Keep the risk

Or

Plan B:       Transfer the risk

# From a historical perspective...

## The components of Estate Planning

Securing your retirement meant:

- Systematic funding of a properly balanced portfolio over a sustained period of time.
- Active financial risk management through professional fund managers.
- Adequate life insurance planning.
- Proper wills, trusts and or medical directives.

But, there's one critical missing component...

The missing component to effective planning provides a defensive strategy that protects the integrity of your planning.

Progressive estate planning should also incorporate:

- Risk management strategies that provide liquidity on a *tax favored* basis for chronic illness or disability.
- Tax qualified LTCI efficiently delivers tax free liquidity to this end.

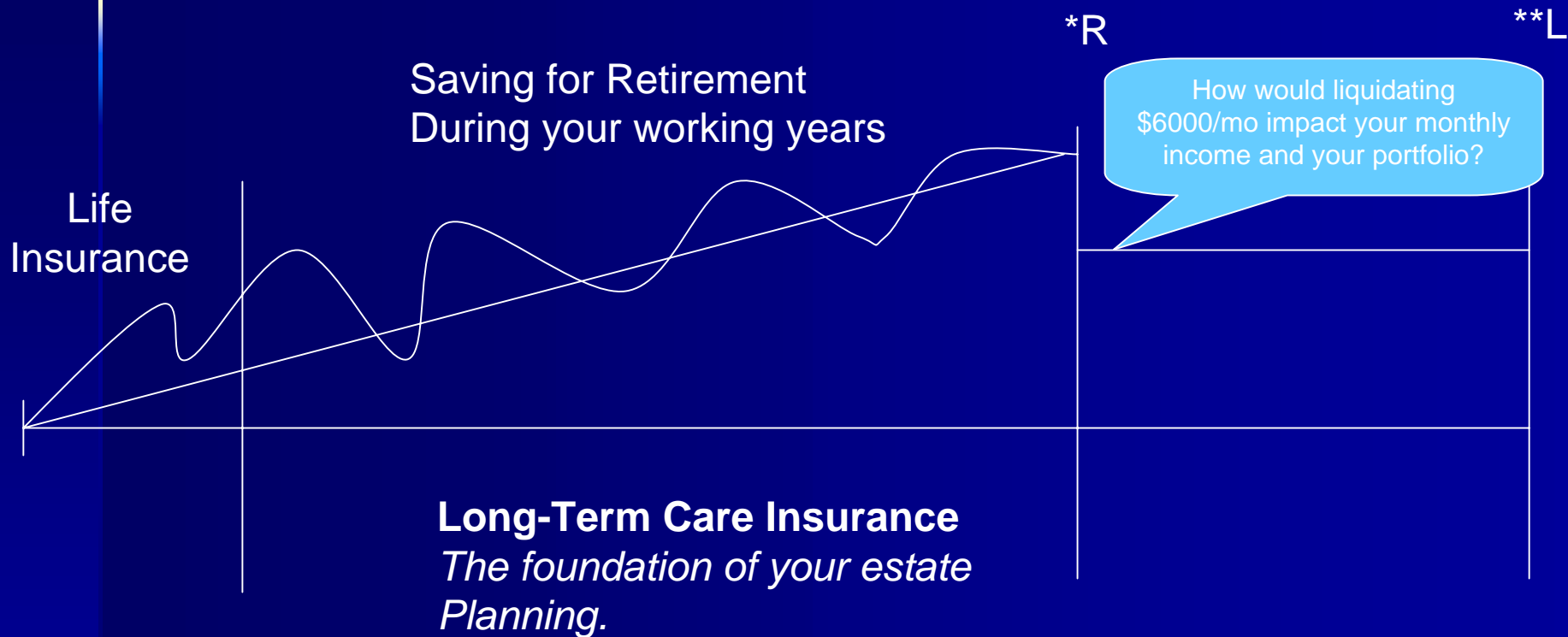
**Here's the dilemma...**

## **Chronic disability or injury could irrevocably impact your dreams for retirement and legacy transfer.**

### **Why?**

- Chronic disability could happen at any age.
- Impossible to predict the financial impacts on an individual basis until the event occurs.
- Directly and immediately impacts monthly cash flow.
- Monthly distributions are systematic and in most cases, taxable.
- The foundation of your planning is immediately compromised.

LTCI, not those taxable investments inside your portfolio, can stabilize one's estate planning strategy by providing the primary source of liquidity to fund one's chronic disability. Distributions from your long-term care insurance policy are received 100% tax free.



\*R = Retirement

\*\*L = Legacy

**You have two courses of action...ignore  
planning for a potential Chronic  
disability or plan for it**

**WHAT IS IT GOING TO BE?**

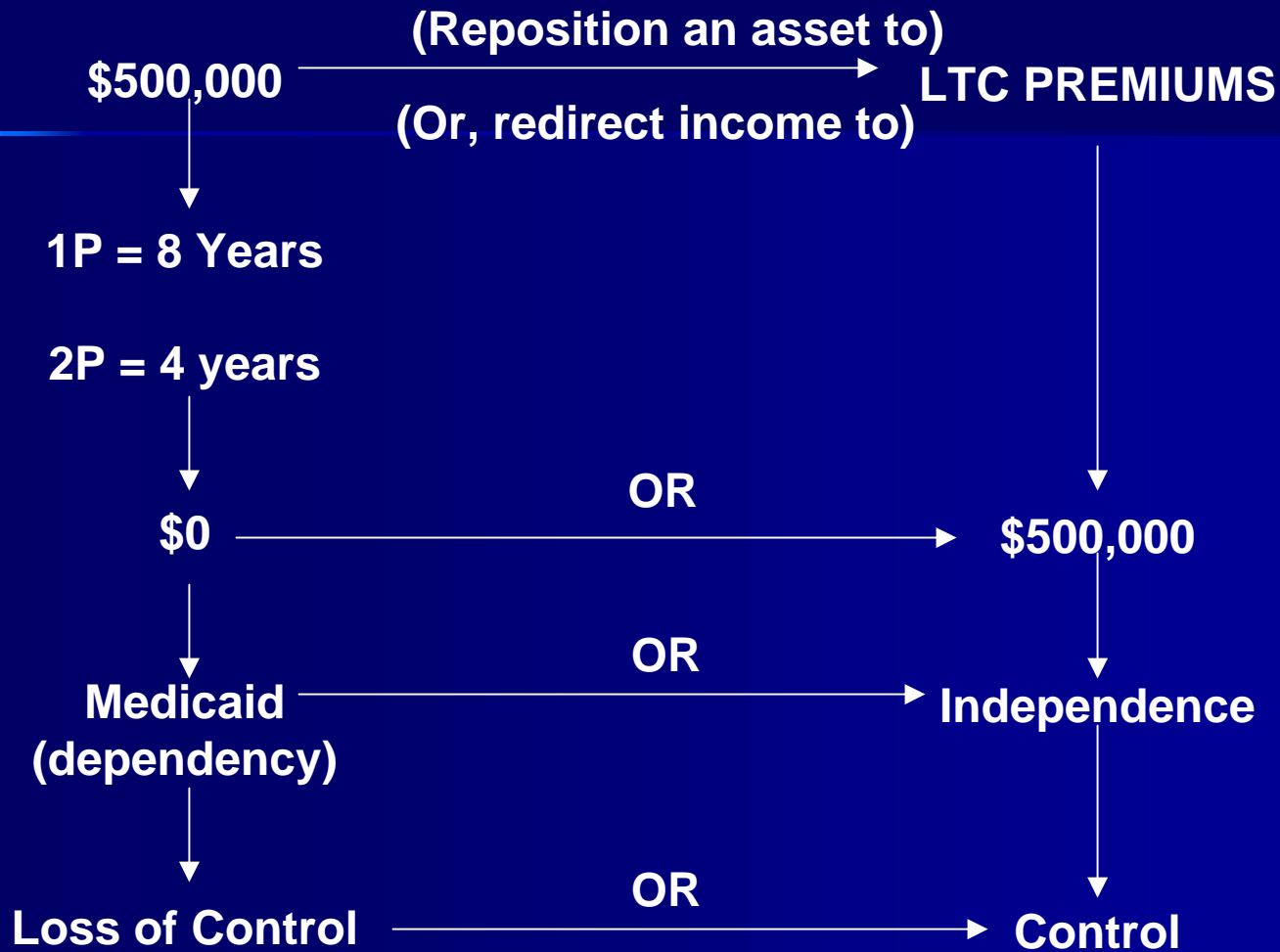
**PLAN A? Don't plan**

**or**

**Plan B? Do plan**

## Plan A

## Plan B



# Plan A – Out of Pocket

# Plan B – Leverage LTCI

Present Value:  
Plan A

\$5,200/mo  
\$62,400/yr

Present Value:  
Plan B

58 Married  
Comprehensive Coverage  
\$273,750 disability account (5 yr)  
\$150/day (\$4,500/mo)  
90 day deductible  
100% Home Care  
5% Compound - lifetime

**COST: \$188/MO**

**Plan A**

**\$5,200/mo**

**\$62,000/year**

**Plan B**

**(150/day) \$188/mo  
account**

**\$4,500/MO**

**\$273,750**

**(income tax free)**

**Y20**

**(397/day) \$188/mo  
account**

**\$11,910/mo**

**\$724,455**

**(income tax free)**

**Premium out of pocket over 20 years: \$45,120**

## Bottom Line: keep the risk or transfer the risk?

### IF I KEEP THE RISK (Self-insure)

- Choose an investment class that does not have any market exposure such as CD's or Treasury's.
- Make an adequate lump sum investment that can match what LTC delivers by Y20.
- Promise yourself that you'll never touch this money for any purpose other than long-term care.

HOW MUCH WOULD YOU HAVE TO SET ASIDE FOR PLAN "A"?

# Let's recap:

By Y20, LTCI delivers

## PLAN B

(397/day) \$188/mo

\$11,910/mo  
(income tax free)

\$724,455

Premium out of pocket over 20 years: \$45,120

## PLAN A

For Plan A, what kind of investment today would be necessary to match the growth available in LTCI?

@ 3%, \$401,961 invested today = \$724,455 in 20 years



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