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# Life Insurance, Living Benefits, and Long Term Care: Protection for All of Life's Stages

**A YOUNG COUPLE** just beginning a family. A GenXer sending a child to college. A Baby Boomer looking ahead to retirement. A senior enjoying the golden years. It seems as if they have little in common. However, an accident, chronic medical condition or an unplanned health-related event can unravel the best-laid plans and require long term care services at any stage of life.

Many individuals believe they won't need long term care services. And, if they were to need help managing personal care or other daily activities, they believe it would be when they are elderly. However, 42% of people needing long term care are under age 65, with needs arising from various causes, including diseases, disabling chronic conditions, injury, developmental disabilities, and severe mental illness.<sup>1</sup>

The reality is that long-term care protection is important at all of life's stages. With the average cost for private nursing home care more than \$87,000 per year, the financial effects of long term care can be devastating for families.<sup>2</sup> From 2001 to 2007, bankruptcies attributable to medical problems rose by nearly 50%, leaving Americans increasingly at risk of financial ruin due to illness and medical expenses.<sup>3</sup>

Many clients may balk at the cost of long term care insurance or don't want to pay for something that they may never use. Now, life insurance can address these concerns by providing living benefits or long term care benefits to the insured during his or her lifetime, as well as a death benefit to his or her beneficiaries.

Transamerica's new Long Term Care (LTC) Rider on TransACE® universal life policies or living benefits with the new Trendsetter® LB term product can help clients put protection in place to receive cash for health-related expenses while eliminating the need for multiple policies.

Let's look at the sales opportunities for clients in different life stages.

## The Early Stages: Young Families

When a young couple gets married, buys a home or has a child, term life insurance is often what they turn to for protection. They worry about what would happen to their spouse or family if the unthinkable happened to them. What they don't always realize is that premature death isn't the only risk to their financial situation; a disabling car accident or a significant health problem such as cancer can strike at any time and drain a family's resources.

Trendsetter LB, part of the Trendsetter term portfolio, is a product that protects against both types of risk. By offering Chronic, Critical and Terminal Illness Accelerated Death

Benefits (availability of benefits may vary by jurisdiction), it provides both living benefits and death benefits in one life insurance solution.

Trendsetter LB is a competitively-priced term life insurance policy with a choice of terms and guaranteed level initial premiums for 10, 15, 20, 25 or 30 years. Trendsetter LB also offers a Monthly Disability Income Rider should clients want protection in the event they become disabled and are unable to work for an extended period of time.



*In 2010, approximately 1.5 million Americans age 20 to 64 years old were newly diagnosed with diabetes—the leading cause of kidney failure, blindness and lower limb amputations as well as the seventh leading cause of death.<sup>4</sup>*

## The Middle Stages: GenXers and Baby Boomers

As responsibilities and incomes grow, clients who are professionally established and perhaps even looking ahead toward retirement become increasingly aware of the factors underpinning the need for long term care insurance—a rapidly aging population, lengthening longevity and unpredictable health care costs. But this segment may be hesitant to pay for individual long term care coverage that they may never use or worry about significant rate hikes that could lead them to cancel their coverage. This is a group that also understands that permanent life insurance may be a better fit for their goals than term insurance.

A TransACE® universal life insurance policy with a Long Term Care (LTC) Rider provides a number of benefits for clients seeking greater financial control, including:

- Receiving long term care benefits up to \$1 million that are paid for a variety of needs, including the cost of a nursing home.
- Providing a guaranteed death benefit for loved ones if the long term care benefits are not used.
- The flexibility to surrender the policy at certain anniversary dates and be eligible to receive up to 100% of the life insurance premiums paid if needs change.<sup>5</sup>

It is also important to let clients in this life stage know that the cost of the TransACE LTC Rider is guaranteed never to increase.

The flexibility to access long term care benefits if needed, and the ability to leave a legacy for loved ones if they are not, makes the LTC Rider a critical component in helping clients to protect themselves and their families from future financial challenges.

## Later Stages: Retirement, Second Career or the Golden Years

Many people, when they reach retirement age, find their priorities have changed. They may be focused on helping ensure that a grandchild has the funds to go to college or go into business. They may want to leave a legacy to their family or are worried that their retirement income will not last. And they are probably more aware of the possibility that they will need some sort of long term care during their lifetime. A Trendsetter LB or a TransACE with the LTC Rider could be the right solution.



*There is a good chance a person will need some long term care services if he/she lives beyond the age of 65. Almost 70% of people over 65 need LTC.<sup>6</sup>*

Both policies offer the ability to leave a guaranteed death benefit to help secure a beneficiary's future financial security.

Both can be an excellent bridge between whatever health care or other insurance resources are available and the real cost of the care needed to preserve the client's quality of life.<sup>7</sup>

A Trendsetter LB term policy also offers the advantage of typically more economical premiums for people on a limited budget or who simply want coverage for a specific period of time.

A TransACE with the LTC Rider offers advantages to those wanting a permanent policy with flexible surrender options. It is an excellent choice for those wanting to provide future financial security for their family and themselves with the ability to exit if their situation changes.

At whatever the life stage of the client, Transamerica offers them the guarantees, flexibility and control they want when planning for their—and their loved ones'—financial futures. To find out more about how a TransACE with the Long Term Care (LTC) Rider or Trendsetter LB policy might fit into a current or prospective client's stage of life, contact your Transamerica representative or the Strategic Marketing Sales Desk at 1-866-545-9058, option 1.

<sup>1</sup>Georgetown University Long-Term Care Financing Project, "Long-Term Care Financing: Policy Options for the Future," June 2007

<sup>2</sup>Mature Market Institute, "Market Survey of Long-Term Care Costs," October 2011

<sup>3</sup>American Journal of Medicine, Volume 122, Issue 8; August 2009

<sup>4</sup>National Diabetes Statistics, 2011, National Diabetes Information Clearinghouse (NDIC), U.S. Department of Health and Human Services

<sup>5</sup>Surrender value will be the lesser of 100% of gross premiums paid less any refunds, partial surrenders, and outstanding policy loans or 33% of the lowest face amount less any outstanding loans and any partial surrenders during the 60-day period following the 15th or 20th policy anniversary, or at any time on or after the 25th policy anniversary. Surrender value will be reduced on a dollar-for-dollar basis if LTC benefits are paid out. Subject to minimum funding requirements.

<sup>6</sup>National Clearinghouse for Long Term Care Information, U.S. Department of Health and Human Services

<sup>7</sup>Benefits may be taxable. Clients must be urged to consult their tax advisor.

TransACE® is a nonparticipating, flexible-premium universal life insurance policy issued by Transamerica Life Insurance Company, Cedar Rapids, IA 52499. Policy Form No. 1-12611107 (CVAT), Group Certificate No. 2-72336107 (CVAT), Long Term Care Rider Form No. ICC 12 LTCR02 or LTCR02. Policy and rider form and number may vary and this policy and rider may not be available in all jurisdictions.

Trendsetter® LB is a term life insurance policy issued by Transamerica Life Insurance Company, Cedar Rapids, IA 52499. Policy Form No. TL19. Premiums increase annually beginning in year 11 for the 10-year policy, in year 16 for the 15-year policy, in year 21 for the 20-year policy, in year 26 for the 25-year policy, and in year 31 for the 30-year policy. Policy form and number may vary, and this policy may not be available in all jurisdictions.