



Chronic Illness vs. LTC Riders

What you really need to know about Life Insurance with Liquidity Riders

Almost all new insurance policies offered today include access to the death benefit early if you get sick enough to need assistance. Even Term Insurance offerings are getting into this act. However, not all liquidity riders work the same and we encourage you to at least review the talking points below to get up to speed.

Today is a great time to offer your clients a free insurance review. If you don't, your competition certainly will. What a great time to offer a policy review program to your clients that will either; confirm that their current program is acceptable and meets their needs; or you will provide suitable recommendations for improvement. Either way, you will be providing a great service.

*Westland offers a complete Turn-Key system for Policy Review (pre-approach letter, custom flyer, in-force illustration request form and more). Call or E-mail us today for our **CARE** Kit.*

Talking Points:

- 1) Agents and Carriers may not be telling you the whole story about their "Long Term Care" rider.
- 2) The biggest difference between Chronic Care and LTC riders are guided by tax codes. Chronic riders are guided by tax code 101g and LTC riders are guided by tax code 7702B.
- 3) Selling Insurance with a chronic care rider cannot be marketed as LTC Insurance.
- 4) Selling Insurance with a chronic care rider does not require LTC Training CE.
- 5) Selling Insurance with a true LTC rider can be marketed as Long Term Care Insurance.
- 6) Selling Insurance with a true LTC rider requires prior LTC training CE.
- 7) Both rider types have their own set of criteria that stipulate how benefits are triggered. Typically, the claimant needs help with 2 of 6 Activities of Daily Living or severe cognitive impairment.
- 8) However, an important distinction is chronic riders require that the condition that triggered the claim be permanent and irreversible.
- 9) LTC riders do not require the condition to be permanent.
- 10) It is more difficult to have a Physician sign off on a condition as permanent.
- 11) Chronic illness riders are often marketed as FREE. However the true cost is only known at the time the claim is triggered as the benefit available is typically just a portion of the death benefit adjusted by age and other costs.
- 12) Chronic illness riders may pay out benefits in violation of the indemnity limits and policy owners are advised to consult with a tax specialist. In 2013 the indemnity limit was \$320/Day \$9,600 monthly, but many Chronic illness riders pay out in excess of these limits.

SUMMARY: Chronic riders can be a very beneficial added benefit if you are buying life insurance for life insurance reasons, but not as a true Long Term Care alternative. Westland has all the answers and all the products and options for life insurance and long term care. Call or E-mail us today. We are here as a resource for you.

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