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## **Linked Benefit Products**

*by Peter Gelbwaks, CLTC*

What is Linked Benefit you might ask? It is a combination product where a Long Term Care benefit is combined with Life insurance or an Annuity. This can be a solution that offers protection for several different financial planning goals. In a single Life/LTCi contract, the client combines LTC coverage and a guaranteed death benefit, but more importantly – one maintains asset control and preservation. These contracts can also be called asset based LTC plans. They are a terrific alternative to the main stream purchase of LTCi.

A few of the common objections to buying traditional Long Term Care insurance are that premiums can be increased, the benefit may never be utilized or the client may just think that they want to self insure for the risk of needing care. A Linked Benefit contract can cover all of those objections. Depending on the carrier, the premium can be paid for in a lump sum or you can use more flexible premium options where you pay it out for a handful of years. The terrific thing about utilizing the lump sum payment is that in most products there is a 100% money back guarantee. So, at any time in the future, you can choose to get out of this contract and get all of your money back. Sound too good to be true? It isn't. It is just the way these policies are structured. And that is why it is a perfect solution for people who didn't want to buy LTCi to begin with. You are really just moving money that you are not currently using for the time being and not having to make any long term commitment of ongoing premiums.

It is a live, die or quit mentality. If you live and you need care, you can utilize the guaranteed tax qualified Long Term Care benefits. If you die, there is a guaranteed income tax free/probate free death benefit available for the beneficiaries. If you just decide you want out, and quit, the insurance carrier gives you all of the premium back (and more in some cases where there has been growth in the plan). These combo Life/LTC products have an average age buyer in the mid to late 60's (about 10 years older than the average buyer of a conventional individual Long Term Care insurance product) but are available at most ages. The single premium deposit, on average, is in the \$85,000 range, and the underwriting is a bit different than traditional LTCi underwriting because it combines some Life insurance mortality risk with the morbidity risk in LTC. But, there is never a chance of a rate increase. It also can be more liberal because the first dollars paid out at claim time are coming out of the lump sum premium deposits. They tend to give the insured about two times the amount invested for the death benefit and about five times the amount for the LTC benefit they can receive, but this varies widely by carrier and age so make sure to check out your individual situation specifically.

This is all about asset relocation. If you don't want to buy Long Term Care insurance, what assets will you use for Long Term Care services? These days, many of us are likely to have money sitting in a CD or other conservative investment vehicle that is earning only 1 to 2%. What about your Life insurance contracts that are no longer needed? Moving the cash value out of those and into one of these plans is a no brainer. Take a look at how you can use a Linked Benefit product to formulate a strategy and leverage that money. This really is just a much smarter way to self insure.

The timing of purchasing a Linked Benefit product in this current environment is just perfect. Interest rates are low and many people are concerned about putting money into the market. These products are chock full of guarantees – guaranteed death benefits, guaranteed interest rates, guaranteed return of premium, guaranteed Long Term Care benefits and there is even the availability of getting a guaranteed premium (noncancellable policy) for an excess LTCi benefit that is offered for

purchase. Combo products brilliantly address the climate that we are in so I highly suggest that you take a serious look at them.

Now is the time for the repositioning of underperforming assets and protecting yourself and/or your clients against the risk of Long Term Care or premature death without making any ongoing commitment of premiums – all the time, recognizing that if your situation changes, your principal is intact and available. Never forget the famous Will Rogers quote, “I am more concerned with the return of my money than the return on my money.” Keeping that in mind, Combination/Linked contracts adequately address that issue and the two issues beyond that concern which are guaranteed Life and Long Term Care insurance.

**This is well worth checking out. Please ask me for a quote or to send you more specific information without any obligation.**

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