KRAUSE AGENCY

YOUR GUIDE TO EXTENDED CARE SOLUTIONS

Helping Clients Plan Today for a More Secure Tomorrow

Different solutions. Different benefits. One goal: Protect what matters most.

Use this guide to understand the key extended care planning options available and help your clients choose the solution that best fits their health, financial, and legacy goals.

THE EXTENDED CARE SOLUTION CONTINUUM

FOCUS: LONG-TERM CARE PROTECTION → BALANCED APPROACH → FOCUS: ASSET & LEGACY PROTECTION

Traditional LTC Insurance

Pure long-term care protection with flexible benefits and inflation protection.

Best for clients whose primary goal is protecting against the high cost of care.

Short-Term Care Insurance

Helps cover a short-term care need for up to 360 days per benefit period (may extend up to 2 years with Restoration of Benefits).

Best for bridging a gap, reducing immediate out-of-pocket costs, or buying time.

Life Insurance (or Annuity) with LTC Extension of Benefits

Accelerates death benefit or cash value to provide tax-qualified LTC benefits.

Best for clients seeking flexibility with both LTC protection and a remaining death benefit or cash value.

Life Insurance (or Annuity) with LTC Rider

A separate, tax-qualified LTC rider accelerates the death benefit (or a defined percentage of the death benefit).

Best for clients who want guaranteed LTC protection with a life insurance foundation.

Life Insurance with a Separate Premium Chronic Illness Rider

Accelerates the death benefit (or a defined percentage) for a policy-defined "chronic illness."

Best for clients focused on chronic illness protection and legacy preservation.

Life Insurance with a No-Charge Chronic Illness Rider

Built-in rider allows a limited portion of the death benefit to be accelerated for a policy-defined "chronic illness."

Best for clients wanting basic chronic illness protection at no additional cost.

DECISION TREE: WHICH SOLUTION IS RIGHT FOR YOUR CLIENT?

What is your client's primary goal?

PROTECT AGAINST THE COST OF LONG-TERM CARE
We want the best coverage for care costs.

- Need coverage for a short-term need (3–12 months)?
  - YES → **Short-Term Care Insurance** — Bridge a gap and protect cash flow.
  - NO → **Traditional LTC Insurance** — Comprehensive LTC protection with predictable benefits.

BALANCE LTC PROTECTION WITH ASSET PRESERVATION
We want LTC protection and to leave something behind.

- Do they want to use cash value or a death benefit to fund LTC if needed?
  - YES → **Life Insurance (or Annuity) with LTC Extension of Benefits** — Flexibility with LTC benefits and a remaining DB or cash value.
  - NO → **Life Insurance (or Annuity) with LTC Rider** — Guaranteed LTC protection with a life insurance foundation.

PRESERVE WEALTH AND LEAVE A LEGACY
We want to protect our legacy and accelerate benefits if needed.

- Is chronic illness coverage sufficient?
  - YES → **Life Insurance with Chronic Illness Rider (Separate Premium or No-Charge)** — Helps with chronic illness costs while preserving the legacy.
  - NO → **Re-evaluate Goals** — Consider blending solutions for optimal protection and flexibility.

AT-A-GLANCE COMPARISON

KEY FEATURE	Traditional LTC Insurance	Short-Term Care Insurance	Life Insurance (or Annuity) with LTC Extension of Benefits	Life Insurance (or Annuity) with LTC Rider	Life Insurance with a Separate Premium Chronic Illness Rider	Life Insurance with a No-Charge Chronic Illness Rider
Primary Purpose	LTC Protection	Short-Term Care	LTC + Asset Value	LTC + Life Insurance	Chronic Illness Protection	Chronic Illness Protection
Medical Underwriting Typically Required	Yes	Yes	Yes	Yes	Yes	No/Yes (Limited)
Shared Benefits for Spouses	Yes	Yes	Yes	Yes	Yes	Yes
Includes Death Benefit	No* (ROP Optional)	No	Yes	Yes	Yes	Yes
Cash Value / Market Value Component	No* (ROP Optional)	No	Yes	Yes	Yes	Yes
Premiums Increase?	Yes (Possible)	No (Typically)	No**	No**	No**	No**
Tax-Qualified LTC Benefits	Yes	No†	Yes	Yes	No	No
Inflation Protection Available	Yes	May Offer	Yes	Yes	May Offer	May Offer

* Return of Premium (ROP) rider commonly available.
** Premiums generally level; policy loans may be available.
† STC benefits may be tax-free up to IRS per diem limits if contractually defined as qualified LTC benefits.

KEY CONSIDERATIONS FOR YOUR CLIENT

- **Health & Age:** Eligibility and underwriting requirements vary across solutions.
- **Budget & Premiums:** Consider affordability now and in the future.
- **Care Goals:** Where do they want care provided and by whom?
- **Legacy Goals:** Protect assets, provide for heirs, and create peace of mind.

DID YOU KNOW?

- 70% of people age 65+ will need some type of extended care in their lifetime.[1]
- The average annual cost of a private room in a nursing home exceeds $120,000.[2]
- Planning now can protect savings, reduce stress, and preserve the legacy you've worked for.

YOUR PARTNER IN EXTENDED CARE PLANNING
We're here to help you find the right solution for every client's unique needs.

KRAUSE AGENCY

866.605.7437
info@krauseagency.com
krauseagency.com

1 Source: U.S. Department of Health and Human Services, 2023.
2 Source: Genworth 2024 Cost of Care Survey.

This material is for informational purposes only and should not be considered legal, tax, or financial advice. Consult with your professional advisors.

© 2025 Krause Agency. All rights reserved.