LONG-TERM CARE INSURANCE

Inflation Protection

Learn how benefits of a traditional LTCi policy can grow

There's no one-size-fits-all long-term care insurance policy. Instead, you and your clients tailor a policy to meet their unique needs. That means they have the opportunity to select from a variety of optional benefits, like an inflation protection rider that allows policy benefits to grow over time.

Historically, the cost of long-term care services has increased approximately 5 percent per year, and that trend is expected to continue. Adding an inflation protection rider is a good way to ensure the policy your clients purchase today provides adequate coverage 20 years down the road when they're likely to need care. That makes this concept well suited for:

- People who are concerned about the rising cost of LTC services
- People who have assets they want to protect from the Medicaid spend down

How it Works

Two clients, Dave and Jane, both age 61, purchase the same LTCi policy with a $3,000 monthly benefit and a $105,000 policy limit.

- Dave adds an inflation protection rider that increases his maximum monthly benefit and remaining policy limit by 1 percent compounded each year for 20 years
- Jane opts for no inflation protection

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Fast Forward 20 Years

Thanks to inflation protection, Dave's policy benefits increased, while Jane's remained the same. Now at age 81, Dave has more available in benefits to help him pay for the LTC services he needs.

Dave's Policy With Inflation Protection			Jane's Policy Without Inflation Protection		
	Today	In 20 Years		Today	In 20 Years
Monthly Benefit	$3,000	$3,660	Monthly Benefit	$3,000	$3,000
Policy Limit	$105,000	$128,122	Policy Limit	$105,000	$105,000

The Partnership Advantage

In addition, adding inflation protection makes Dave's policy partnership qualified in states that participate in a partnership program. That means if he uses all his policy benefits and still needs LTC services, he can apply for Medicaid while protecting a portion of the assets he might otherwise have to "spend down" to meet eligibility requirements.

Consumer Brochure

Here's a companion brochure to help you address this important topic with your clients.

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Order through your normal channels.

More About Partnership

Under the Deficit Reduction Act of 2005 (DRA), each state has the right to determine the inflation percentages for partnership-qualified LTCi. Some states have reduced the inflation protection minimum to 1 percent. That's good news for two reasons:

- Mutual of Omaha offers inflation percentages beginning at 1 percent (that's something you won't find from other carriers)
- Lower inflation percentages can help your clients purchase affordable coverage that provides both modest growth and a Medicaid safety net

Concept Advantages

Adding inflation protection to an LTCi policy provides two advantages for your clients:

- It allows policy benefits to grow each year so that by the time they need care, they'll have more money available to help pay the bills
- It also may make the policy partnership qualified, which allows your clients to protect a portion of their assets in the event they need to apply for Medicaid