



Long Term Care University

Long Term Care University – Question of the Month

By Aaron Skloff, AIF, CFA, MBA

03/15/10

Q: Some of the long term care insurance policies I am researching allow for a survivorship benefit. Can you explain what that means and what advantages it may provide?

The Problem – Paying Your Premium When Your Spouse or Partner Passes Away

Few long term care insurance policies are designed with a survivorship benefit. Without this benefit, when your spouse or partner passes away and your budget is pushed to the limit you will be required to make your premium payments. If your spouse or partner is the primary wage earner or their retirement income is your primary source of income, their passing could present a financial hardship in paying for your policy. Placed in this financial hardship, you may have to forego paying your policy and your policy could be cancelled.

The Solution – Survivorship Benefit

10 Year Survivorship Benefit. Some long term care insurance policies include or provide the option to add a 10 year survivorship benefit. **The insurance company permanently waives the premium for the surviving spouse or partner when the other spouse or partner passes away.** The waiver begins after you have satisfied the conditions of the policy. The benefit is based on three key criteria:

- 1) You each continuously had long term care insurance coverage in force on the date of death
- 2) You each had your policies in force for at least 10 years
- 3) Neither of you were paid benefits for the first 10 years of the policy

The survivorship benefit can be a tremendous saving grace if upon your spouse or partner's death your long term care insurance premiums would become a budget buster.

Seven Year Survivorship Benefit. Some long term care insurance policies include or provide the option to add a seven year survivorship benefit. The insurance company permanently waives the premium for the surviving spouse or partner when the other spouse or partner passes away. **The same key criteria apply as the basic version, but with the basic version you must wait 43% longer for the benefit to be utilized.**

Often Overlooked. Remember to terminate the survivorship benefit if your relationship ends due to divorce, death or final separation.

Action Step – Protect Yourself with a Survivorship Benefit

When you purchase a long term care insurance policy with a survivorship benefit you remove an important financial and psychological burden of long term care – the cost of the policy when your spouse or partner passes away.

Aaron Skloff, Accredited Investment Fiduciary (AIF), Chartered Financial Analyst (CFA), Master of Business Administration (MBA), is the Chief Executive Officer of Skloff Financial Group, a NJ based Registered Investment Advisory firm. The firm specializes in financial planning and investment management services for high net worth individuals and benefits for small to middle sized companies. He can be contacted at www.skloff.com or 908-464-3060.