

The background of the entire page is a photograph of an elderly couple with white hair, smiling and looking at each other. They are seated at a wooden table. In the foreground, a hand is holding a pen over a document on the table. The right side of the image has a vertical yellow overlay, and the bottom has a teal overlay.

Long-Term Care Insurance

Case Study Guide

Discover how you can provide
comprehensive asset protection for
your clients.



Enhance your client's estate plan with long-term care insurance.

Long-term care insurance (LTCI) is the ultimate pre-planning tool for healthy clients looking to bolster their estate planning strategy and safeguard their assets from long-term care costs. LTCI provides coverage in the event of extended long-term care and allows for flexibility in choosing the type of care they receive and where they receive it. LTCI policies may cover at-home care, assisted living, adult day care, memory care, hospice, and nursing homes.

Why Work with Krause?

At Krause Financial, our focus has always been on asset preservation solutions to help attorneys advising clients planning for long-term care. We have access to all the top LTCI carriers for both traditional and hybrid products. Plus, we offer the choice of referring your LTCI business to us or obtaining your insurance license to write the business yourself, allowing you to be as involved as you'd prefer.

Refer Your LTCI Business to Krause

Refer your client to one of our in-house LTCI specialists, who will assess their insurability, premium tolerance, and product options to align with their goals. Our team handles prequalification, education, product selection, and presentations, ensuring a seamless experience. If you'd like to stay involved, you're welcome to join meetings and be copied on correspondence.

Obtain Your Insurance License

If you have a Life and Health Insurance License, you'll need to be appointed with an LTCI carrier and complete state-required LTC continuing education—typically 8 hours initially and 4 hours every two years. We recommend www.webce.com for CE courses.

If you don't have a license, you must apply through your state's department of insurance, complete a required pre-licensing course, pass the exam, and fulfill ongoing CE requirements. LTC CE credits can count toward your total continuing education hours.

Traditional vs. Hybrid Long-Term Care Insurance



Traditional Long-Term Care Insurance

Traditional LTCI works like standard insurance, with regular premiums exchanged for future benefits. Policies can be customized based on budget and needs but do not accumulate cash value. Most states offer partnership protection for traditional LTCI. If benefits are exhausted, Medicaid will exempt the amount paid from asset limits, allowing clients to preserve more wealth.

Discounts are available for couples and those in good health. Coverage is typically offered to individuals aged 18–79 and is portable across the U.S., with some carriers providing international options. The prime age range for purchasing long-term care insurance is between 50 – 65 years old. Talking to clients earlier, while they're younger, can help them save money on premium and increases their chances of clearing through the underwriting process successfully.

Traditional LTCI offers standalone long-term care coverage with flexible premiums, partner discounts, and state partnership protection but does not build cash value.



Hybrid Long-Term Care Insurance

Hybrid LTCI combines life insurance or an annuity contract with long-term care benefits. It can be funded with a lump sum or level recurring premiums that never increase. Unlike traditional LTCI, hybrid policies accumulate cash value over time. Coverage is typically available for individuals aged 30–80. Adding LTC benefits to an existing life insurance policy can create additional value for the client and their family while maintaining death benefits should no long-term care be needed in the future.

Gains on these policies grow tax-deferred, and LTC benefits can be accessed tax-free. Existing deferred annuities can also fund the policy tax-free for LTC needs. Plus, if care is never needed, a death benefit is paid to heirs, reduced dollar-for-dollar by any LTC benefits used.

Hybrid LTCI combines life insurance or an annuity with LTC benefits, offering cash value growth, tax advantages, and a guaranteed death benefit if care isn't needed. Short-Term Care Insurance

Short-Term Care Insurance

Short-term care insurance (STC) is a more accessible option for clients who are uninsurable for LTCI due to health or age, with coverage available up to age 89 and has a simplified application process. STC typically provides up to one year of coverage at a lower cost than LTCI. Benefits are triggered by needing help with two activities of daily living or severe cognitive impairment, but unlike LTCI, there's no 90-day certification requirement. This allows clients to access benefits sooner, making STC ideal for short-term recovery needs like joint replacements, cancer treatments, or falls. It also allows clients and their families to put a plan together for how to pay for long-term care without going into crisis mode.

Short-term care insurance is an ideal alternative for clients who are unable to qualify for LTCI, can't afford LTCI, or have conditions with shorter recovery times.



Single Woman Case Study



Meet Patricia

Patricia, aged 66, has an appointment with her attorney to discuss her estate. Patricia became a widow two years ago when her husband passed away, and they did not have any children. Patricia's older sister Cynthia is her only living relative, and Cynthia was recently diagnosed with Alzheimer's.

At the appointment, Patricia and her attorney discuss her estate, including her advanced directive, will, and trust. Patricia is involved with a charitable organization, and upon her death, her assets will be donated to this organization. It provides comfort to Patricia that her legacy will live on in this way. However, considering her sister's recent diagnosis, Patricia wants to be sure that her estate plan cannot be derailed by a chronic illness that requires extended care. She knows that Medicare will not pay in these circumstances and if she relies on Medicaid, she will have to spend down her assets to qualify. Patricia asks her attorney if she should consider long-term care insurance.

Traditional LTCI vs. Short-Term Care Insurance

Female Age 66	Traditional LTCI	Short-Term Care
Monthly Benefit	\$4,500	\$300/day Facility \$1,200/week HHC
Total Benefit Max	\$165,000	\$108,000 Facility \$61,200 HHC
Elimination Period	90 days Facility 0 days HHC	0 Days
Inflation Rider	3% Compound	None
Monthly Benefit Age 80	\$6,807	\$300/day Facility \$1,200/week HHC
Total Benefit Max Age 80	\$249,577	\$108,000 Facility \$1,200/week HHC
Premium	\$6,264.82/year	\$2,458.90/year

The Case for Traditional Long-Term Care Insurance

Patricia decides to purchase the traditional LTCI policy because it provides state partnership protection. With this policy, if Patricia needs long-term care at age 80 and exhausts her long-term care insurance policy, she can accelerate eligibility for Medicaid by exempting up to \$249,577 in assets (equal to her total benefits maximum). This will ensure that she can still make the charitable contribution upon her death.

Single Man Case Study



Meet Derrick

Derrick, aged 69, has an appointment with his attorney to discuss his estate. Derrick is single with one adult daughter that lives in another state. He wants to ensure that his estate is up to date and that his assets will be transferred to his daughter upon his death.

After discussing his estate, Derrick's attorney asks him about planning for extended care. Derrick has heard of long-term care insurance but is concerned about the cost. Derrick's attorney recommends that he considers purchasing LTCI to protect his assets for his daughter. Plus, since his daughter lives out of state, it's unlikely that she would be able to assist in Derrick's care if he needed it.

Traditional LTCI vs. Short-Term Care Insurance

Male Age 69	Traditional LTCI	Short-Term Care
Monthly Benefit	\$4,500	\$300/day Facility \$1,200/week HHC
Total Benefit Max	\$165,000	\$108,000 Facility \$61,200 HHC
Elimination Period	90 days Facility 0 days HHC	0 Days
Inflation Rider	3% Compound	None
Monthly Benefit Age 80	\$6,229	\$300/day Facility \$1,200/week HHC
Total Benefit Max Age 80	\$228,399	\$108,000 Facility \$1,200/week HHC
Premium	\$4,457/year	\$3,235/year

The Case for Short-Term Care Insurance

Derrick decides to purchase the STC policy because it is more affordable for him. He does not have a family history of longevity and if he requires surgery and needs care, the policy will begin paying immediately. Derrick feels this will be adequate coverage if he is faced with a chronic illness that requires care. Derrick told his daughter about the policy, and she is relieved that he has a plan in place for his care. She had seen her friends deal with their parents' caregiving circumstances and was concerned about her father's situation, especially with her living far away. The year of short term care insurance coverage will allow them to put a plan together for Derrick's care and avoid an immediate medical and financial crisis.

Older Couple Case Study



Meet John and Carol

John and Carol, both aged 75, have an appointment with their attorney to discuss their estate. They have two adult children and want to ensure that their estate is up to date, and their assets will be transferred to their children upon their deaths.

After discussing their estate, the couple's attorney asks them about planning for extended care. If one of them were to need care, it would deplete the assets they have worked so hard to save and pass on to their children. They have looked at long-term care insurance but didn't purchase it due to cost. Their attorney recommends that they consider short-term care insurance instead.

Short-Term Care Insurance	
Couple Aged 75	Short-Term Care
Monthly Benefit	\$200/day Facility \$1,200/week HHC
Total Benefit Max	\$72,000 Facility \$61,200 HHC
Elimination Period	0 Days
Inflation Rider	None
Monthly Benefit Age 80	\$200/day Facility \$1,200/week HHC
Total Benefit Max Age 80	\$72,000 Facility \$61,200 HHC
Premium	\$8,051/year for both

The Case for Short-Term Care Insurance

John and Carol decide to purchase the STC policy because it is more affordable for them than LTCI. John has noticed a few minor changes in his health recently but recognizes that as he gets older his health could decline even further, resulting in him needing care. He wants to preserve the assets they have left for Carol and his children. He is relieved that they have found a more affordable option to protect them from the cost of extended care.

Second Marriage Case Study



Meet Daniel and Julie

Daniel and Julie Brown, aged 65 and 58 respectively, have an appointment with their attorney to discuss their estate planning. This is a second marriage for both of them, and they each have two adult children from their prior marriages.

The Browns' estate planning is complicated because they want to be sure all four of their children are included equally in their will and trust documents. After discussing their will and trust arrangements, Daniel asks their attorney about planning for extended care with long term care insurance. Daniel's best friend had a stroke on the golf course last month, and he sees firsthand the caregiving support that he needs. He wants to make sure that Julie and the children will be protected if he were to need long-term care.

Traditional LTCI vs. Hybrid LTCI		
Couple Aged 65 & 58	Traditional LTCI	Hybrid LTCI
Monthly Benefit	\$4,500/each	\$4,305/each
Total Benefit Max	\$165,000/each	2 years AOB ¹ , 2 years COB ² , combined
Elimination Period	90 days Facility 0 days HHC	90 Days
Inflation Rider	3% Compound	3% Compound
Monthly Benefit Age 80	\$7,011/each	\$6,511/each
Total Benefit Max Age 80	\$257,065/each	\$326,891/combined
Premium	\$6,972/year for both	\$100,000 single premium
Death Benefit	None	\$103,313 ³

¹Acceleration of Benefits | ²Continuation of Benefits

³The hybrid policy includes a second to die death benefit. If neither of them uses the policy, the death benefit will be paid to their estate. There is also a cash surrender value that builds up over time if they decide to cancel.

The Case for Hybrid Long-Term Care Insurance

The Browns decide to purchase the hybrid LTCI policy because they can pay the premium in a lump sum, it includes a small death benefit and contains cash value. Since it's a single premium payment, they will not have to worry about rate increases in the future. If Daniel does not need care, the policy will remain intact for Julie, and if neither of them need care, the death benefit can be split amongst all four of their children.

Existing Policy Case Study



Meet Valerie

Valerie, aged 63, is preparing for retirement and wants to secure her estate plan. With her husband John's recent Parkinson's diagnosis making him ineligible for long-term care insurance, Valerie is growing concerned about their long-term financial security.

During a meeting with her attorney to update their estate plan, Valerie brings up her concerns about extended care. She doesn't want to place a financial burden on their children if she ever needs care. Her attorney suggests exploring long-term care insurance to help protect her assets and maintain control over her future care options. Valerie has an existing whole life insurance policy worth \$75,000 that she purchased when her children were young in case anything happened to her and her husband. Fortunately, their children are now grown, independent, and successful on their own accord.

Hybrid Long-Term Care Insurance

Female Age 63	Hybrid LTCI
Monthly Benefit	\$5,121
Total Benefit Max	\$257,067 or 4 years
Elimination Period	90 days
Inflation Rider	3% compound
Monthly Benefit Age 80	\$8,463
Total Benefit Max Age 80	\$424,893 or 4 years
Premium	\$100,000 single premium, including \$75,000 life insurance policy
Death Benefit	\$122,892/\$24,578 residual ⁴

⁴This policy includes a death benefit. If Valerie doesn't use the policy, the full death benefit will be paid to her estate. If she uses all of her LTCI benefits, the residual death benefit will be paid to her beneficiaries.

The Case for Hybrid Long-Term Care Insurance

Valerie decides to purchase the hybrid LTCI policy because it provides both long-term care benefits and a guaranteed death benefit. She conducts a 1035 tax-free exchange to transfer the \$75,000 that has accumulated in an old life insurance policy, thus eliminating any taxes that she might have incurred on the gains. She funds the remaining premium of \$25,000 in cash to complete the purchase. Since John is unable to qualify for coverage, Valerie wants to ensure she has a plan in place that protects their retirement savings while also leaving a financial legacy for their children. If she never needs care, the policy's death benefit will go to her family, giving her peace of mind that her investment will not go to waste.

Sandwich Generation Case Study



Meet Rob and Kristen

Rob and Kristen Smith, both aged 50 years old, have an appointment with their attorney to discuss their estate planning. They have two children in high school, and their parents are in their 70s. Rob's father was diagnosed with Parkinson's disease three years ago. They are part of the sandwich generation where they're responsible for taking care of children while also providing caregiving support to their parents.

The Smiths are planners. They have pre-paid college for their children and have been contributing regularly to their retirement accounts. After discussing their will, trust, and guardianship arrangements, Rob asks their attorney about planning for extended care with long term care insurance. He sees firsthand the support that his father needs and wants to make sure that Kristen and the children will be protected if he were to need long term care.

Traditional LTCI vs. Short-Term Care Insurance		
Couple Aged 65 & 58	Traditional LTCI	Hybrid LTCI
Monthly Benefit	\$4,500/each	\$4,500/each
Total Benefit Max	\$165,000/each	2 years AOB ¹ , 2 years COB ² , combined
Elimination Period	90 days Facility 0 days HHC	90 Days
Inflation Rider	3% Compound	3% Compound
Monthly Benefit Age 80	\$10,923/each	\$10,605/each
Total Benefit Max Age 80	\$400,498/each	\$532,390/combined
Premium	\$5,163/year for both	\$5,693/year for both
Death Benefit	None	\$108,000 ³

¹Acceleration of Benefits | ²Continuation of Benefits

³The hybrid policy includes a second to die death benefit. If neither of them uses the policy, the death benefit will be paid to their estate. There is also a cash surrender value that builds up over time if they decide to cancel.

The Case for Hybrid Long-Term Care Insurance

The Smiths decide to purchase the hybrid LTCI policy because it includes a small death benefit, has cash value, and the premiums will not increase. If they had waited until age 55 to purchase, their premiums would have been 12-15% higher for the life of the policy. They would also have run the risk of a change in health status resulting in a decline of coverage.

Discover how working with Krause can empower your practice.

When you work with Krause Financial, you can take advantage of a simple and streamlined process of offering long-term care insurance. Our specialists act as an extension of your practice to support you and your clients.



Traditional and hybrid LTCI plans



Fact-finding questionnaires



Pre-qualification services



Product illustrations and comparisons



Electronic applications

Ready to get started?

Book a Discovery Call with one of our advisors to discuss our approach and process for long-term care insurance.

Scan the QR code or visit
krausefinancial.com/schedule





The Content of this report, including all written materials, graphics, photographs, audio and/or video materials, and trademarks, is the exclusive property of Krause Financial, LLC and is protected under U.S. and international laws. This Content is provided solely for non-commercial, educational purposes and shall not be duplicated, distributed, or transferred in whole or in part, nor any derivative works made, without prior written permission from Krause Financial, LLC.

©Krause Financial 2025



KRAUSE

FINANCIAL

Address

1234 Enterprise Drive,
De Pere, WI 54115

Phone

(866) 605-7437

Fax

(866) 605-7438

Email

info@krausefinancial.com