Are People Prepared to Pay for LTC?
Solutions to Help Families Avoid LTC Bankruptcy

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INTRODUCTION

Long-Term Care Funding Solutions in a Time of Crisis

As the United States approaches 2030, planning for long-term care needs has become a financial imperative. With one in five Americans projected to be age 65 or older by the end of the decade, the demand for care solutions is rapidly outpacing both public and private infrastructure. Meanwhile, the costs of care are surging—whether it is home-based assistance, assisted living, or skilled nursing care, the financial impact on individuals and families is severe. Without a plan, even those who are financially prepared for retirement may find themselves vulnerable to unexpected health events that lead to rapid asset depletion.

To address these challenges, individuals must adopt a comprehensive, insurance-based strategy. Long-term care insurance (LTCi) and short-term care insurance (STCi) offer critical tools for protecting assets and ensuring access to quality care. While LTCi provides robust coverage for extended needs, STCi offers greater accessibility, shorter terms, and affordability, often serving as an ideal solution for those with temporary care requirements or who are unable to qualify for traditional coverage. Together, they create a layered defense against care costs at every stage of aging.

However, insurance alone may not be sufficient once care is actually needed. Private pay alternatives such as life settlements—where policyholders convert an existing life insurance policy into cash—can help fund care when expenses are immediate and ongoing. These funds can work in tandem with -- or independently from -- insurance coverage to offer greater flexibility and financial security during a health crisis. Life settlements and other liquidating tools for assets are increasingly being recognized as essential components of a long-term care funding plan.

Taken together, LTCi, STCi, and life settlements represent a hybrid approach that gives families choice, control, and confidence in navigating aging and declining health. Planning ahead with these tools not only preserves assets but also ensures the dignity and quality of care that every individual deserves.

The Urgency of Long-Term Care Planning

America is at a demographic turning point that will have profound consequences for families, health systems, and the financial services industry. Each day, approximately 10,000 Baby Boomers turn 65, and their younger counterparts in Generation X are now entering their late 50s. This unprecedented shift means that a growing proportion of the U.S. population is moving into the age bracket where the likelihood of needing long-term care (LTC) increases significantly. According to the U.S. Department of Health and Human Services, about 70% of adults over the age of 65 will require some form of extended care during their lifetime (U.S. HHS). This care may take the form of help with basic activities of daily living (ADLs), cognitive impairment support, or rehabilitation following a major health event.

The scale of the challenge is already straining families. Data shows that 78% of adults living in the community who require assistance rely exclusively on unpaid care provided by family and friends. While this model of care has been the backbone of American eldercare for decades, it is becoming increasingly unsustainable. Caregiving often requires significant time away from work, substantial emotional resilience, and in many cases, financial sacrifice. Without viable alternatives, millions of families face mounting stress, fractured relationships, and the gradual depletion of retirement savings intended for other purposes.

At the same time, the broader economics of care are creating an inflection point. The steady rise in the cost of professional care services—whether in residential facilities, assisted living communities, or at home—means that for many households, relying solely on out-of-pocket funding is not realistic. These financial pressures are forcing individuals, employers, and policymakers to rethink long-term care financing. Insurance-based solutions, both traditional and innovative, are emerging as critical tools to safeguard assets and ensure access to quality care.

PART 1:
Understanding Long-Term and Short-Term Care Insurance in the Face of Aging and Declining Health

The Escalating Cost of Care

The financial dimension of the LTC challenge is starkly illustrated by the 2024 Genworth Cost of Care Survey. It reports that a private room in a nursing home now averages $127,750 annually, while a one-bedroom apartment in an assisted living facility costs $70,800 per year. Even home-based care—often assumed to be the most economical option—comes with a steep price tag. Hiring a full-time home health aide averages $77,792 per year, based on a national average of $34 per hour (Genworth Cost of Care Survey, 2024).

These numbers do not remain static. The survey also notes that costs for long-term care services are increasing at an annual rate of 9–10%, a pace that significantly outstrips general inflation. In just a few years, today's expenses could double, especially in regions where labor shortages and regulatory changes are most pronounced. The variation in costs from state to state adds another layer of complexity. In Alaska and Massachusetts, annual costs for nursing home care can exceed $300,000, while in Texas and Missouri, prices are markedly lower—but often accompanied by challenges such as limited facility availability or lower staffing ratios.

Multiple factors are fueling these increases. A national shortage of trained care workers has driven wages upward, while rising healthcare and housing costs have compounded the burden. Regulatory requirements, though critical for ensuring safety and quality, often raise operational costs for providers, and these increases are inevitably passed along to consumers. Without strategic planning, even well-funded retirement portfolios can be quickly eroded by care costs, leaving individuals financially vulnerable in the years when stability matters most.

Traditional Long-Term Care Insurance: Benefits and Barriers

For decades, traditional long-term care insurance (LTCi) has been positioned as a core solution for managing the financial risks of extended care needs. These policies are designed to cover services that Medicare does not typically reimburse, such as assistance with ADLs and supervision for cognitive impairments. A robust LTCi policy can provide comprehensive benefits that enable policyholders to access higher-quality facilities and services, protect assets, and reduce the financial strain on family members.

However, the traditional model faces notable challenges. Underwriting standards have tightened considerably, meaning that a significant portion of applicants are either declined outright or receive offers that are financially prohibitive. Placement rates tell the story: only 53.2% of applicants aged 60–64 are successfully insured, and the success rate drops to 20.5% for those aged 75–79 (Milliman LTC Survey, 2024). Premiums can be high, particularly for older applicants or those with pre-existing health conditions, and policies often require a 90-day elimination period during which care costs must be paid out of pocket.

Adding to the challenge, many policyholders have faced substantial premium hikes over the life of their contracts. These increases, while sometimes necessary for insurers to maintain solvency, have eroded consumer confidence in traditional LTCi products. Despite these issues, LTCi continues to serve as an important planning tool for those who qualify and can afford it, particularly when purchased earlier in life. Yet market forces and consumer preferences are clearly driving innovation toward alternative models.

Short-Term Care Insurance: Closing the Accessibility Gap

One of the most promising innovations in the LTC space has been the rise of Short-Term Care insurance (STCi), also referred to as Extended Care coverage. Unlike traditional LTCi, STCi is designed to provide benefits for periods of less than two years, making it particularly attractive to those who may not qualify for longer-term coverage or who prefer more flexible policy structures.

Several features distinguish STCi from its traditional counterpart. Benefit durations can range from 90 to 180 days or more, and in most cases there is no requirement for a 90-day certification that care will be needed—a stipulation that often delays benefit activation in LTCi policies. Many STCi products offer zero-day elimination periods, meaning coverage can begin immediately once eligibility is established. Benefits are typically paid on an indemnity basis, providing policyholders with cash payments that are not tied to receipts or reimbursement requirements. This design allows for greater flexibility in how benefits are used, including paying family members for caregiving or covering ancillary expenses not traditionally associated with formal care.

The underwriting process for STCi is also streamlined. Most carriers do not require blood draws, medical records, or phone interviews, and approval can often be granted within three days. This contrasts sharply with the average 47-day turnaround for LTCi applications. Additionally, STCi products are not bound by 7702(b) tax-qualification rules, which can make them more adaptable in certain planning scenarios. Unisex rates are available up to age 89—well beyond the typical cutoff age of 79 for traditional policies—which can be especially advantageous for women, who statistically face longer periods of disability.

From a claims perspective, STCi can be triggered by conditions that might not qualify under traditional LTCi criteria, such as joint replacements, cardiac events, fractures, or post-surgical recovery. For example, an indemnity-based STCi plan could provide up to $12,000 per month for one year, allowing for concentrated coverage that aligns with recovery periods rather than chronic care. Products such as OmniFlex™ with Fast-50™ cash benefits for family caregivers exemplify the flexibility and responsiveness that STCi brings to the market.

Hybrid Life-LTC Solutions: Flexibility with Guarantees

Hybrid or linked-benefit products are another category gaining substantial traction. These policies combine life insurance with LTC riders, effectively addressing the "use-it-or-lose-it" objection that often deters consumers from purchasing stand-alone LTC coverage. Policyholders either receive benefits during their lifetime for qualified care expenses or leave a death benefit to beneficiaries if LTC services are not needed.

Hybrid policies typically feature fixed, contractually locked premiums, providing long-term predictability. Many also offer return-of-premium provisions, which can return a portion or all of the premiums paid if the policy is surrendered. Underwriting requirements are often less stringent than those for stand-alone LTCi, making them an appealing option for individuals who have been declined for traditional coverage.

These solutions resonate with several key market segments, including members of the "sandwich generation" who are simultaneously caring for children and aging parents, individuals with aging term life policies that can be converted into hybrid contracts, and clients who are wary of paying into a policy they might never use. Programs such as the AFEUSA/CHUBB LTC solution highlight the adaptability of hybrid products, offering conditional guaranteed issue policies, portable coverage, and LTC riders triggered by the inability to perform two of six ADLs.

Workplace-Based LTC Solutions
Employer-sponsored LTC programs are expanding as states implement payroll-tax-funded public LTC initiatives. Group plans often provide lower premiums, simplified underwriting, and broader accessibility, encouraging participation from employees who might otherwise delay or avoid planning altogether.

Public mandates are a driving force. In states like Washington, California, and New York, legislation has introduced payroll taxes to fund state-run LTC programs. In many cases, individuals can opt out of these taxes if they own qualifying private coverage, creating an immediate incentive for employees to secure a plan through their workplace. Employers benefit as well, using LTC coverage as a recruitment and retention tool in an increasingly competitive labor market.

Legislative Trends and Policy Shifts
The policy landscape is evolving rapidly, reflecting growing recognition of the LTC funding crisis. Washington State's "Washington Cares Act" has become the most visible example, funding long-term care through a mandatory payroll tax. At the federal level, proposals such as the WISH Act aim to establish catastrophic LTC coverage, while measures like the Credit for Caring Act would provide tax credits to family caregivers.

Importantly, many state-level proposals include opt-out provisions for individuals with private coverage, reinforcing the value of early planning. These legislative shifts not only create urgency but also open new market opportunities for insurers, advisors, and benefit providers to offer tailored solutions that meet both individual and compliance needs.

Consumer Behavior and Persistent Misconceptions
Despite the growing urgency, the majority of Americans remain unprepared for long-term care needs. Surveys reveal that 90% of adults have never had a conversation about LTC planning, and 61% say they would rather die than enter a nursing home (KFF, MarketWatch). Misunderstandings about Medicare coverage are widespread, with many assuming that the program will cover their LTC expenses—it will not, except for limited skilled nursing and rehabilitation services following a hospitalization.

This lack of preparation shifts the burden to family caregivers and, eventually, Medicaid. The result is a system strained by rising demand, insufficient resources, and inconsistent quality of care across states and communities.

Innovation and Market Adaptation
According to the 2024 Milliman Long-Term Care Insurance Survey, insurers are responding to these challenges with a wave of product innovations. These include multi-life plans for small businesses, STCi products with restoration of benefits, hybrid contracts with streamlined digital enrollment, and indemnity-based designs offering flexible monthly payouts.

The impact is significant. In a market where traditional LTCi placement rates often hover below 50%, these new product types are dramatically expanding access. By blending shorter coverage periods, cash-based benefits, and simplified underwriting, insurers are aligning their offerings with consumer preferences for flexibility, affordability, and speed of approval.

Proactive and Personalized Planning
The convergence of demographic change, rising care costs, and shifting policy frameworks makes one fact abundantly clear: long-term care planning is no longer optional. It must be approached proactively, strategically, and with an eye toward personalization.

Early planning is critical, as age and health directly affect both cost and insurability. A comprehensive evaluation should consider all available insurance types—traditional LTCi, STCi, hybrid products, and workplace plans—each with unique strengths and trade-offs. Policy details such as elimination periods, inflation protection riders, and benefit triggers can dramatically influence the value and utility of coverage.

Equally important is staying informed about legislative developments, as new laws can alter tax incentives, eligibility requirements, or the cost of waiting. Whether the goal is to protect aging parents from financial vulnerability or to ensure one's own dignity and independence in later life, insurance-based solutions remain a cornerstone of responsible retirement and healthcare planning.

FAST FACTS
The State of Long-Term Care in America

- 10,000 Baby Boomers turn 65 every day, with Generation X close behind in age (U.S. HHS).
- 70% of adults over 65 will require some form of long-term care during their lifetime (U.S. HHS).
- 78% of adults needing care rely solely on unpaid family and friends for assistance.
- A private nursing home room costs $127,750 per year; assisted living averages $70,800; a full-time home health aide costs $77,792 (Genworth Cost of Care Survey, 2024).
- Long-term care costs are increasing 9–10% annually, outpacing general inflation.
- Placement rates for traditional LTC insurance drop from 53.2% (ages 60–64) to 20.5% (ages 75–79) (Milliman LTC Survey, 2024).
- Short-Term Care insurance can be approved in as little as 3 days, compared to an average of 47 days for LTCi.
- States like Washington, California, and New York are leading LTC payroll-tax legislation, spurring demand for private coverage.
- 90% of Americans have never discussed long-term care planning, and 61% say they would rather die than enter a nursing home (KFF, MarketWatch).

PART II:
LTC-Life Settlements: Private Pay Funding Solution for Senior Care at the Time Care is Needed

Life Insurance Policies: A Massive Asset Pool
Senior care providers frequently encounter clients who while in the process of preparing for the transition to senior living and long-term care still own a life insurance policy. It is little wonder why because today there are over 260 million in-force life insurance policies in the U.S. with over $20 TRILLION[1] of in-force death benefit. Compare that to the 7.5 million of in-force long-term care insurance policies[2] and you may begin to realize that this is a massive untapped pool of assets that can be cashed out to help people pay for their care needs through a financial option known as an LTC-Life Settlement.

What is a Life Insurance Policy Settlement
Life settlements are simply enough the sale of a life insurance policy by the original owner to a third-party who will pay the owner a percentage of the death benefit while they are still alive. A life settlement transaction involves no costs for the seller of the policy, takes 60-90 days to complete, and once the ownership of the policy is transferred the original owner is no longer responsible for premium payments. Life settlements are a way to cash out a life insurance policy later in life while still alive instead of abandoning it after years of premium payments. It can also be a tax-advantaged transaction based on the severity of health impairments of the insured and total premiums paid into the policy.

This is a unique financial option because it rewards the owner of life insurance policies as they get older and sicker with increasing settlement value for their policy. Someone else buys, or "settles," the policy and pays the owner a lump-sum less than the full death benefit. The new owner takes over the premium payments until they collect the death benefit in the future upon the passing of the insured. The shorter the time frame that the new owner actuarially calculates they will wait to collect the death benefit, the more they will pay to the original owner to settle the policy. Buyers of policies are most often large, regulated financial institutions such as investment banks, hedge funds and investment groups who work through companies licensed to transact life settlements.

LTC-Life Settlements for Aging in Place and Senior Care
LTC-Life Settlements, established in 2007 and available in all 50 states, is a valuable financial solution for seniors who require long-term care services. It provides immediate funding for a wide range of care options, including home care, assisted living, skilled nursing care, memory care, and hospice. Unlike traditional long-term care insurance, annuities, or loans, LTC-Life Settlement offers a unique advantage by eliminating wait periods and claims processes. Once the policy is settled, payments for care can begin immediately, giving seniors total control to address their evolving care needs without bureaucratic delays.

Additionally, LTC-Life Settlement offers significant tax benefits for policyholders diagnosed with chronic or terminal conditions. For those meeting specific medical criteria—such as needing assistance with two or more Activities of Daily Living (ADLs) or having a life expectancy of two years or less—funds can be received tax-free.*[3] These funds are private pay, providing a delay in the need for Medicaid and ensuring that payments made toward care count as part of a Medicaid-qualified spend-down. This flexibility and accessibility make LTC-Life Settlement an essential option for seniors seeking financial security and control over their long-term care needs.

How a Life Settlement Works
A life settlement is the sale of a life insurance policy by the policy holder while still alive for a percentage of the in-force death benefit in the form of valuable consideration such as lump-sum cash, LTC benefits, ongoing, reduced death benefits, or other financial instrument such as an annuity. It is the legal right of every life insurance policy owner to be able to sell their policy, like any other asset, to a new owner who will take over the premium payments and then collect the death benefit years later.

Most often, a Life Settlement is for seniors over the age of 65 with a life insurance policy above $100,000 of face value. The value of a Life Settlement is based on "reverse underwriting' so the older and sicker a person is, the more they will get from a life Settlement. Someone too young and healthy will not qualify for a Life Settlement. The typical age range for a life settlement is 75-92, but younger or older applicants can qualify based on the severity of their health related impairments, and the typical life expectancy range for a qualified candidate is sub-ten years. People suffering declining health, chronic conditions needing long-term care, and possibly terminal diagnosis are appropriate candidates for a life settlement.

Any type of in-force life insurance could potentially qualify for a life settlement. Term Life, Universal Life, and Whole Life policies with $100,000 or more of death benefit are all eligible. The process of a Life Settlement takes about 60-90 days, and thousands of transactions are completed every year. There are no fees of any type for a policy owner using a life settlement.

Life Insurance is Legally Recognized as an Asset
The landmark Supreme Court case *Grigsby v. Russell* (1911) established that life insurance policies are legally recognized as property, granting policy owners the right to sell their policies to third parties. Justice Oliver Wendell Holmes affirmed that life insurance possesses all the attributes of personal property, equating it to assets like real estate or stocks. Today, life insurance policies are one of the most valuable and stable assets a person can own because the death benefit is guaranteed for as long as the

premiums are paid. But some policy holders may find that they no longer need their policy and every owner can benefit from their legal right to sell off an unneeded or unwanted policy through a life settlement.

Most people don't realize that a life insurance policy is personal property just like their home and that it has fair-market value while they are alive, and too often abandon their policy as seniors. The problem is that not enough policy owners are aware of this unique financial option designed specifically to benefit them while they are still alive. Annual insurance industry numbers show that as many as 9 out of 10 life insurance policies are in danger of being lapsed or surrendered by the owners. Hundreds of billions worth of life insurance is abandoned every year before paying out a death benefit. Unfortunately, lapsing a policy by stopping payments cancels it rendering it worthless and for policies that may have cash surrender value (CSV) a life settlement is often a better option than surrender because on average life settlements will pay out 5X-10X more than CSV[4].

On an annual basis, over $200 billion[5] of life insurance is owned by seniors who are in danger of lapsing or surrendering a policy who could potentially sell their policy instead through a Life Settlement. But awareness about this financial option is growing from TV commercials similar to a reverse mortgage running constantly on TV, radio and online. Life Settlements have grown into a very mainstream and well-regulated financial vehicle with about $4.5 billion of Life Settlements done by policy owners every year[6].

Better Options for an Unneeded Policy

Life insurance policies have been legally recognized as assets for over 100 years and covey the same personal property ownership rights as assets such as real estate or stocks. In fact, think of a life insurance policy like a home. They are both personal property of the owner and they both have value. After years of mortgage payments, a homeowner would not abandon their property without selling it. The same is true for a life insurance policy. After years of premium payments, the owner should not abandon their asset without first seeking to obtain its fair market value. No one should ever lapse or surrender a life insurance policy without first finding out what the higher market value of that policy could be for them through a life settlement.

What are some of the options that a life policy owner could consider exchanging their death benefit for a new living benefit?

- A life insurance policy can be settled for a lump-sum cash payment that the policy owner can then use without any restrictions to address their financial needs. Instead of abandoning a policy after years of making premium payments, the owner could receive significant value for their asset.
- A life insurance policy can be settled to pay for immediate need for senior living and long-term care services with no wait periods or claims to file.
- A life insurance policy can be settled for other financial vehicles such as an annuity. If a policy owner's concern is outliving their money then enrolling in an annuity would be a solution to ensure a guaranteed lifetime income stream and can help with the expensive costs of health and long-term care.
- A life insurance policy can be settled for a reduced, paid-up death benefit to continue financial protection for a family. This allows a policy owner who can no longer afford to pay premiums the chance to keep a portion of their death benefit without making any future premium payments.

Aging and Declining Health: Ideal candidates for a life settlement

Declining health is a key factor in determining eligibility and value for a life settlement. Qualifying for a Life Settlement is the opposite of qualifying to purchase insurance, and the value of a Life Settlement is based on "reverse underwriting" so the older and sicker a person is, the more they will get from a Life Settlement. Someone too young and healthy will not qualify for a Life Settlement. If someone would qualify to buy life or long-term care insurance they would not qualify for a life settlement and vice versa. In fact, the older and sicker the insured life of the policy is, the higher percentage of the death benefit the policy owner will receive in "present-day value". This is important for seniors who are experiencing declining health and financial complications.

Typical Eligibility:

- In-force life insurance policy (Universal, Term, Whole) with a death benefit of $100,000 and above
- Senior aged policy owners in declining health who are now looking for financial help with retirement and LTC
- Policies that are in danger of lapse or surrender and may be abandoned if action isn't taken
- LTCi policy owners on claim
- Underperforming UL policies
- Term life policies prior to conversion
- Policy owners considering partial surrender
- Policy owners looking for an "exit strategy" out of an unneeded policy (outlived the insurable interest, Key Man policy, lower than estate tax levels)

Private Pay = Control and Dignity

Life settlements are specifically designed to provide the maximum available market value for the policy and address the unique financial and healthcare needs of seniors and people experiencing declining health. Taking advantage of the life settlement value of a life insurance policy for a qualified policy owner is a much better strategy than lapse or surrender. Once a policy has been settled, the value can be used to remain in control of aging in place and senior living requirements, increase income, estate preservation, delay liquidating investments and assets, and it can protect a family from being financially ruined by the high costs of long-term care.

Life insurance policies are one of the most valuable assets a person can own. They are also one of the most misunderstood and wasted. Anyone contemplating the lapse or surrender of a life insurance policy should always look into the potential value of a life settlement first. As seniors confront the realities of aging and the impact that retirement and health care will have on their finances; it is creative financial opportunities like Life Settlements that can make the difference between possibly running out of money with years left to live or living those years with comfort and security.

FAST FACTS

- There are no costs for a policy owner to transact a life settlement with the typical time to complete a settlement between 60-90 days.
- Any form of life insurance can qualify for a life settlement, including: Term Life, Universal Life, Whole Life, and Variable Life policies.
- The older and more impaired the health of the insured, the higher the payout for a life settlement.
- LTC-Life Settlements can be a tax-free way to pay for health and long-term care costs as part of a Medicaid spend down.*
- 88% of life insurance policies are in danger of either being lapsed or surrendered.[7]
- On an annual basis, as much as $200B of in-force death benefit is owned by seniors who may lapse or surrender their policy without realizing it has significant life settlement value.
- There is apprx. $4B+ of life settlement transactions completed in the United States every year.
- Life settlements can be a tax-free transaction for people diagnosed with chronic or terminal conditions, and the amount received from a life settlement is tax-free up to what has been paid into the policy in premiums.*
- Life insurance policies are legally recognized as assets, and the owner of a policy has the same personal property ownership rights to sell their policy as they do with a home.
- A life settlement is valued by "reverse underwriting", so the older and sicker a person is the more value they will find through a life settlement. The acceptable life expectancy range for a life settlement is 2-10 years.

CASE STUDIES

CASE STUDY A
A Son Helps His Mother Move into Assisted Living Community

$100,000 death benefit

The applicant's son called to inquire about how to rescue a life insurance policy they were planning to abandon. His mother was unable to live at home alone any longer, and they were looking into Assisted Living but needed financial help. Their mother owned a $100,000 life insurance policy. He completed a Policy Review application and submitted it along with policy information, authorizations and medical records. Within 30 days, the application was approved, and the $2,000 monthly Long-Term Care Benefit payments began that same day. The family moved their mother into the Assisted Living community where she was hoping to reside with several her friends and relatives. By adding $2,000 a month to what they already had available to pay for her care, instead of moving her into their home and trying to hire home health aides, they were able to move their mother into the community where they all wanted her to be.

- $35,000 Total LTC-Settlement
- $2,000 Monthly Payment x 18 months

CASE STUDY B
Policy Owner About to Abandon a Term Policy Discovers It's a Tax-Free Way to Pay for Needed Home Based Skilled Long-Term Care

$500,000 convertible term life policy

The policy owner was about to abandon a life insurance policy because they couldn't afford the premiums. The policy owner was experiencing declining health and had just completed an extended skilled rehabilitation stay of 6 weeks. The agent contacted us to see if we could look and possibly help them with an LTC-Life Settlement. We reviewed the case and analyzed the more recent rehab records and within a week we were able to determine that the policy owner would qualify to settle their policy. The family moved forward with the LTC-Life Settlement and was able to immediately enroll in a Long-Term Care Benefit Account. We were also able to help them access a selection of homecare companies to make sure the client would be receiving the best possible care—which they could now afford.

- $200,000 Total LTC-Settlement
- $5,000 Monthly Payment x 40 months

CASE STUDY C
Policy Owner Settles Policy to Pay for Assisted Living Community Before Being Evicted

$400,000 Universal Life Policy

A policy owner with a $400,000 UL owned a life insurance policy running out of cash value and could not afford to make future premium payments. The policy owner was already a resident of an assisted living community and was running out of money. The size of the policy and his need to pay for health care services made the policy owner a perfect candidate to settle the policy to fund a tax-free Long-Term Care Benefit Account. After working with the assisted living community to analyze the health needs of the policy owner, it was determined they would be able to receive significant settlement value from their policy to start covering their monthly costs. Within 30 days, the policy was settled, and the tax-free funds were placed into their Long-Term Care Benefit Account, providing enough funds to cover the costs of the assisted living for the next 3 years.

- $175,000 Total LTC-Settlement
- $4,000 Monthly Payment x 35 months

CASE STUDY D
Son Helps His Mother Convert Policy and Move into Assisted Living Before He Deployed for Afghanistan

$100,000 death benefit

A family was struggling with how they would pay for the costs of moving their mother into an assisted living community. Increasing the pressure was the fact that her son was going to be leaving for Afghanistan within 90 days for a tour of duty with the military. Their mother owned a $100,000 life insurance policy that was going to lapse if they did not immediately make an expensive premium payment. The family was trying to determine what their options with the policy might be, whn the assisted living community suggested that they contact consider using an LTC-Life Settlement with their life insurance policy to fund a Long-Term Care Benefit Account. Before the policy could lapse, they completed to Policy Review and settlement process which allowed them to immediately move their mother into the community. There was still time for her son to help her move-in and get settled before he left for Afghanistan later that month.

- $39,000 Total LTC-Settlement
- $2,100 Monthly Payment x 19 months

CONCLUSION:
Making Informed, Personalized Decisions

As Americans face rising longevity, uncertain health trajectories, and escalating costs, long-term care planning must be proactive, strategic, and personalized. This white paper has explored the critical role of insurance-based tools—long-term care insurance (LTCi), short-term care insurance (STCi), hybrid policies, and employer-based plans—in preparing for the realities of aging and the high costs of care.

Together, LTCi and STCi provide a foundation for financial protection, offering both broad and flexible coverage options that address different stages and durations of care. While LTCi offers comprehensive protection for extended needs, STCi delivers accessibility, speed, and affordability for short-duration or immediate care scenarios. Hybrid products bridge the gap for those who value both asset protection and guaranteed benefits, while workplace LTC offerings are increasing access to more Americans through simplified group-based coverage.

However, when care is needed, families often require additional sources of funding. Life settlements have emerged as a powerful, private-pay solution, converting a life insurance policy into immediate cash to cover the cost of care. These proceeds can be used to remain at home, fund assisted living or skilled nursing, delay liquidation of other assets, and protect family wealth from being depleted by unplanned healthcare expenses. Life settlements are often overlooked, yet they represent one of the most effective ways to unlock the hidden value of a life insurance policy—especially for those who may otherwise lapse or surrender a policy for little or no return.

Taken together, these strategies form a multi-faceted approach that combines planning, protection, and liquidity. By leveraging LTCi, STCi, and life settlements—either independently or in tandem—individuals and families can create a flexible, personalized care funding strategy that ensures access to quality care, preserves assets, and protects dignity throughout the aging process.

The best time to plan is before care is needed. The best strategy is one that includes a mix of coverage, access, and financial empowerment. Insurance-based options, complemented by life settlements and other funding tools, offer a clear path forward to address the rising costs of care and the complex demands of aging in the 21st century.

Authors

Chris Orestis, CSA President of Retirement Genius, is a nationally recognized financial, health/LTC, and retirement issues expert. He has over 25 years' experience in the insurance and long-term care industries and is known as a political insider and senior issues advocate. Chris is a former Washington, D.C. lobbyist who has worked in the White House and for the Senate Majority Leader on Capitol Hill. One of the most quoted experts in the insurance and financial services industry, he has appeared in The New York Times, Wall Street Journal, CNBC, AARP Magazine, USA Today, NBC News, Fox News, and numerous other media outlets including being a guest expert on over 100 radio programs and TV appearances.

Contact him at Chris@RetirementGenius.com or linkedin.com/in/chrisorestis
Visit him at www.chrisorestisrg.com and www.retirementgenius.com

Dennis Rinner, CFP has over 35 years of experience and conducting over 2,500 workshops, with thousands trained. Has helped his company become recognized leaders in the Long-Term Care/Short-Term Care insurance market, with over one Billion in sales. With a Bachelor of Science degree in Business with an emphasis in Insurance from San Diego State. Dennis excels at communicating the importance of planning ahead for care to Medicare Specialists, Financial Advisors, Life and Annuity Professionals. His training provides agents with valuable tools to help support their sales success, taking the complex, making it simple, giving these professional, actionable strategies that work.

Contact him at Dennisr@GoldenCareusa.com or linkedin.com/in/dennis-rinner-7a265817
For licensed insurance agents, visit him at www.goldencareagent.com

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