

WILEY ETTER

ESTATE & BUSINESS

How Our Irrevocable Trusts can Compliment Your Long-Term Care Insurance!

You know the dilemma—a client’s long-term health is the single largest threat to their family’s financial future, but LTCI is expensive. For that reason, most people simply choose to roll the dice and go the private insurance route.



With the average cost of LTC pushing \$150,000 annually in Connecticut, most people “burn down” everything they own extremely quickly before qualifying for Medicaid. This may even include the loss of their home. The damage is emotional, as well as financial, as their childrens’ inheritance vaporizes in the last years of their life.

The solution—a plan that combines **LTCI** with an **Irrevocable Trust** highlights the positives of each solution, while drastically smoothing over the negatives...

Long-Term Care Insurance for 5 Years

- The pushback regarding LTCI is legitimate—ever-increasing (and variable) premium rates that typically must be paid forever for the policy to be effective. This causes inaction.
- With this solution, a strong LTCI policy only has to be funded for 5 years! Why? It only needs to exist long enough to cover the client during the dreaded 5-year Medicaid “lookback” period. After 5 years, the policy can lapse or be replaced by something more cost effective.

Irrevocable Trust

- The client establishes an Irrevocable Trust, naming someone other than themselves or their spouse as Trustee, to hold and manage their assets.
- **Wiley Etter, LLC** charges a one-time “flat fee” for establishing the Trust, which dwarfs the blank check worth of premiums that would be paid to the insurance company perpetually.
- Assets transferred to this Trust become fully shielded from Medicaid’s mandatory spenddowns after the “lookback” period expires, which allows the client to drop their LTCI policy.
- These Trusts also provide the following: 1) Asset Protection for Trust beneficiaries (i.e., protections against divorce, lawsuits, creditors and bankruptcy); and 2) Probate Avoidance.

***Disclaimer: viability and implementation of this plan requires consultation with an attorney.**