

Using pre-tax dollars to pay for long-term care

Thanks to SecureCare Universal Life's (SecureCare UL) unique policy design, clients may be able to use a health savings account (HSA) to help fund a portion of their premium. And for some, using pre-tax dollars to help pay for future long-term care (LTC) needs could be a powerful tool.

Prospecting points:

- SecureCare UL offers four powerful guarantees — death benefit, LTC cash indemnity benefit, reduced paid-up benefit¹ and return of premium² — so clients are guaranteed to get something out of their premium dollars, whether they need care or not.
- Older prospects may be strong candidates for this strategy as age-based limits increase with age.
- Individuals who are still working and contributing to their HSA may be excellent candidates, as a well-funded HSA is a critical component of this strategy.

How it works³



Howard, age 60

HSA account with \$40,000

\$100,000 SecureCare UL policy

\$10,000 annual premium for 10 years

- Couples discount
- 6-year benefit duration
- 3% compound inflation

As a linked-benefit product, there are two parts to a SecureCare UL premium:

the life insurance portion and the tax-qualified LTC portion. We believe the three agreements in the LTC portion are included in the definition of an HSA's qualified medical expenses.

Howard	Minimum death benefit ⁴	Monthly LTC benefit	Total LTC benefits available
Day 1	\$93,514	\$3,896	\$302,442
Age 85	\$100,000	\$8,158	\$633,247

1. Reduced paid-up benefits refer to the reduced paid-up nonforfeiture benefit that purchases paid-up insurance in the event of premium lapse.

2. Upon surrender, the policy owner will receive the surrender value proceeds. The surrender value proceeds may not equal the sum of premiums paid. Surrenders are subject to a return of premium vesting schedule. Policies that are fully vested are eligible for a full return of all premiums paid.

3. This is a hypothetical example for illustrative purposes only.

4. Minimum amount paid income tax-free to Howard's beneficiaries if he dies before he needs LTC. The amount paid will be reduced by any terminal illness benefit payments, premium due, partial surrenders and any indebtedness.

Let's take a closer look at Howard's annual \$10,000 premium:

Annual premium	\$10,000	
Face amount (base life insurance)	\$6,429	Non-deductible (life portion)
Total premium combined from the three LTC agreements	\$3,571	Deductible (LTC portion)

The LTC portion of the SecureCare UL premium – in this case, \$3,571 – may be considered a qualified medical expense, which means Howard can use his HSA to pay for whichever is less: the LTC portion of the premium or the age-based limit set by the IRS:

Attained-age before the close of the taxable year	2023 limit	2024 limit
40 or less	\$480	\$470
41-50	\$890	\$880
51-60	\$1,790	\$1,760
61-70	\$4,770	\$4,710
71+	\$5,960	\$5,880

Source: IRS Revenue Procedure: 2022-38; IRS Revenue Procedure: 2023-34

Howard will pay the \$10,000 annual premium each year by writing two checks: one from his HSA (for whichever is less, the age-based limit or the LTC portion of the premium) and one from his personal checking account (for the life insurance base policy, and any remainder of the LTC portion).

Howard's age	Premium paid from HSA	Premium paid out-of-pocket
60 years	\$1,760	\$8,240
61 years	\$3,571	\$6,429
62 years	\$3,571	\$6,429
63 years	\$3,571	\$6,429
64 years	\$3,571	\$6,429
65 years	\$3,571	\$6,429
66 years	\$3,571	\$6,429
67 years	\$3,571	\$6,429
68 years	\$3,571	\$6,429
69 years	\$3,571	\$6,429
Total:	\$33,899	\$66,101

Howard would pay approximately 34 percent of his total SecureCare UL premium with pre-tax dollars.



Contact us today

to customize a proposal that helps address a prospect's top LTC concerns:

1-888-900-1962 (Independent Distribution)

1-877-696-6654 (Broker-Dealer)

Please keep in mind that the primary reason to purchase a life insurance product is the death benefit.

Life insurance products contain charges, such as Cost of Insurance Charge, Cash Extra Charge, and Additional Agreements Charge (which we refer to as mortality charges), and Premium Charge, Monthly Policy Charge, Policy Issue Charge, Transaction Charge, and Surrender Charge (which we refer to as expense charges). These policies may contain restrictions, such as surrender periods.

Insurance policy guarantees are subject to the financial strength and claims-paying ability of the issuing insurance company.

Additional agreements may be available. Agreements may be subject to additional costs and restrictions. Agreements may not be available in all states or may exist under a different name in various states and may not be available in combination with other agreements.

The optional Long-Term Care Inflation Protection Agreement is available with 3% simple interest, 3% compound interest, 5% simple interest, or 5% compound interest.

SecureCare UL includes the Acceleration for Long-Term Care Agreement. The Acceleration for Long-Term Care Agreement and Extension of Long-Term Care Benefits Agreements are tax-qualified long-term care agreements that cover care such as nursing care, home and community based care, and informal care as defined in these agreements. These agreements provide for the payment of a monthly benefit for qualified long-term care services. These agreements are intended to provide federally tax-qualified long-term care insurance benefits under Section 7702B of the Internal Revenue Code, as amended. However, due to uncertainty in the tax law, benefits paid under these agreements may be taxable.

The death proceeds will be reduced by a long-term care or terminal illness benefit payment under this policy. Clients should consult a tax advisor regarding long-term care benefit payments, terminal illness benefit payments, or when taking a loan or withdrawal from a life insurance contract.

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