Decision Tree for Stand-Alone LTCi vs. Combo Life/LTCi

Tax Reasons Why Clients May Prefer Stand-Alone LTCi:

1) An employer (for example, your business) could pay for the policy, getting a large tax break and possibly a price discount and/or health concessions.
2) Some jurisdictions (AL; DC; IA; ID; KY; ME; MN; MO; MS; MT; ND; NE, with a LTC savings account; NY; OR; VA; WI; and WV) have income tax breaks for LTCi which can amount to 5% or more of the premium (20% for NY).
3) In the unlikely event that your family were to incur a lot of medical expenses on an on-going basis, you could get a federal, and likely state, income tax deduction for your stand-alone LTCi premiums.

Efficiency Reasons Why Clients May Prefer Stand-Alone LTCi:

4) Many states have LTCi Partnership programs that can be very attractive for the ***middle*** class. Affluent clients are very unlikely to benefit from such programs. (Due to peculiarities of California program, only 7 Partnership policies were sold in CA in 2017. The laws are changing but Partnership policies are likely to continue to be rare through 2019 at least.)
5) To minimize cost (it costs more to have value even if you never need care).
6) To keep your life insurance separate from your LTCi (maybe you don't want a creditor to be able to put a lien against your LTCi or you want the LTCi benefit to be paid to your current spouse but death benefits to be paid to your children from a prior marriage).
7) If you have no use for a death benefit (no heirs or charities to be the beneficiary).

Family Reasons Why Clients May Prefer Stand-Alone LTCi:

8) You have had good family experience with stand-alone LTCi, hence want the same type of product or insurer that your relative had.
9) You want to be sure to avoid situations in which your children or others might argue about whether the benefit should be used to provide care for you. (Some heirs may want to preserve a combo policy's death or annuity benefits for other potential uses, rather than spending it on your care. Disagreement among family members and the risk of elder abuse both reduce when a use-it-or-lose it stand-alone policy is utilized.)
10) You want strong LTCi benefits (for example, compounding monthly maximums each year), want to be able to pay informal caregivers *and* are unwilling/unable to fund the coverage over 10 or fewer years. In such a case, stand-alone policies with cash alternative features are best.

If none of the above apply (which is frequently the case), you or your client might prefer a combo life/LTCi policy.