

## Resource Brokerage, LTC Glossary

1. **Tax-Qualified** - Plan is meant to satisfy the requirements allowing premium deductions on income tax and benefits to NOT be regarded as income.
2. **Underwriting Class:** Refers to the rate class available such as Preferred, Standard, or Rated.
3. **Policy Type:** Facility (nursing home, assisted living), home care. Contracts are usually comprehensive where both facility and home health care is covered. There are some contracts that are either or.
4. **Monthly Benefit:** Resource Brokerage's recommended model due to its flexibility as it pertains to actual use of policy, statistics, and trends. The maximum amount payable is on a monthly basis. (150/day or \$4500 a month)
5. **Home Health Care:** is usually 100% as per Resource Brokerage's model, but can be 50%, 75%, 100%, 130% or 150%.
6. **Benefit Period:** is the number of years of care covered by the policy is theory. However, the pool of dollars is what matters. \$4,500 a month x 5 years is \$270,000 in total pool. We use carriers that have the "don't use, don't lose" definitions. If total costs are only \$3,500, \$1,000 stays in the "pool" for later use.
7. **Elimination period:** is the number of day between being certified as chronically ill and when benefits are first paid.
  - a. Service Day: Allows only days one has received and paid for service to be counted toward EP.
  - b. Calendar Day: Allows each day the insured is ill or cognitively impaired to be counted towards the EP.
8. **Inflation Protection:** Compound and Simple at 5% are the most common options. The guaranteed option allows the insured to chose when the want to increase their coverage each year. There are many variations to include 3%, 4%, and 2 times compound plus rider.
9. **Nonforfeiture Option:** Provides a shortened benefit period with a benefit pool equal to premiums paid on lapse. Usually an in force minimum of 3 years.



10. **Return of premium:** is Death Benefit, full or partial return of premiums upon death. Death Benefit returns premiums paid in excess of benefits received.
11. **Indemnity Riders:** allows receiving additional monthly cash benefits for any purpose not covered under the basic plan.
12. **HC Indemnity Rider:** Allows to one to receive additional monthly cash benefits for any purpose not covered under the basic plan for home health care only.
13. **Waiver of EP for HHC –** In its truest form allows one day of service to be counted as 7 days for the purposes of home health care. Hence your 90 day EP would be about 12.1 days.
14. **Survivorship:** Provides a paid-up policy to a joint insured after one insured dies. Usually provision requires 10 years of in force.
15. **Restoration of benefits:** restores the full maximum value of your benefits after you recover from an illness and your benefits are not payable for a certain number of days usually 120/6 months.
16. **Shared Care:** Allows joint insured's to use each other's benefits after one use his/her maximum benefit. Usually both insured's initial coverage must be identical.
17. **Joint Waiver of Premium:** waivers the premium for a joint insured's if one qualifies for waiver.
18. **Spousal Discount:** If both spouses are insured a joint discount is applied varies by carriers from 15%-40%.
19. **Group Discount:** is available to employer with a certain number of employees who purchase a plan. Some carriers go down as low as 3 lives.
20. **Payment Options:** 10, 20yr Payment – pay an increased payment for 10 years, none thereafter, Pay to age 65 if 54 or younger, 1<sup>st</sup> year double pay and then reduced premium for life and other variations.