

Standalone LTC	Linked Benefit (Life/LTC)	LTC Rider	Chronic Illness Rider	Standalone Critical Illness
Tax Code: 7702B*	Tax Code: Life Portion - 101a1* LTC Portion - 104a3*	Tax Code: 7702B*	Tax Code: 101(g)*	Tax Code: 101(g)*
LTC license required	LTC license required	LTC license required	No LTC license needed	No LTC license needed
Indemnity or Reimbursement	Reimbursement	Indemnity or Reimbursement	Indemnity Only	Lump sum payout
Cost only covers LTC benefits	Generally single premium that buys Life & LTC benefits )longer premium durations available with certain carriers	Additional up-front charge for rider	Charge can be up-front or back-end ("discounted acceleration")	Cost only covers Critical Illness benefits
Total LTC benefit determined at issue	Total LTC benefit determined at issue	Total LTC benefit determined at issue	LTC benefits may not be determined until claim is made (depending on charge structure)	Total CI benefit determined at issue
Full Underwriting	Most are Simplified Underwriting	Some do not require additional underwriting b/c they are underwritten with life policy; others will require Full or Partial Underwriting	Some do not require additional underwriting b/c they are underwritten with life policy; others will require full or partial underwriting	Simplified and Full Underwriting
Qualifying Condition(s) can be recoverable or permanent	Qualifying Condition(s) can be recoverable or permanent	Qualifying Conditions(s) can be recoverable or permanent	Qualifying Condition(s) must be permanent	Qualifying Condition(s) can be recoverable or permanent
Do NOT offer any DB; "Use it or lose it"	Residual DB	Some offer Residual DB	Some offer Residual DB	Return of Premium DB

\*Tax Code Definitions:

7702B - a qualified long-term care insurance contract as an insurance contract that provides protection only for coverage of qualified long-term care services;

in the case of any long-term care insurance coverage (whether or not qualified) provided by a rider on or as part of a life insurance contract or an annuity contract, the portion of the contract providing such coverage is treated as a separate contract; in the case of any long-term care insurance coverage (whether or not qualified) provided by a rider on or as part of a life insurance contract or an annuity contract, the portion of the contract providing such coverage is treated as a separate contract

101a1 - the death benefit paid under a life insurance policy is received by the beneficiary income-tax free.

104a3 - states that except in the case of amounts attributable to (and not in excess of) deductions allowed under ' 213 for any prior taxable year, gross income does not include amounts received through accident or health insurance (or through an arrangement having the effect of accident or health insurance) for personal injuries or sickness (other than amounts received by an employee to the extent such amounts are attributable to contributions by the employer which were not includible in the gross income of the employee, or are paid by the employer).

101(g) - defines accelerated benefits for the purpose of favorable tax treatment. This section defers to IRC 7702B (which covers long-term care insurance) to determine events which may trigger a claim.

## Every effort has been made for accuracy in this information, however MVP Financial Services, Inc. does not guarantee its accuracy.



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