



**Vivian P. Gallo, CLU, CSA, AEP, CLTC**

*Long Term Care Insurance Specialist*

Hartsdale, NY 10530

**Tel: 914- 472-2223**

[www.ChoicesForLTCL.com](http://www.ChoicesForLTCL.com)

email: Info@ChoicesForLTCL.com

## LTC Update

### "The Need for Long Term Care Insurance as Part of Divorce Settlements"

*By Vivian P. Gallo, CLU, CSA, AEP, CLTC\**

For better, for worse, for richer, for poorer, in sickness or in health, to love and to cherish, 'til death do us part," are vows used to consecrate western marriages. Couples entering marriages make lifetime commitments, yet the divorce rate has escalated over the years, reaching a peak in the 70's and 80's. While the rate has declined slightly since then, it has remained fairly stable at about 50 percent. (1)

As a result of our high divorce rate, we have many single-parent homes, parents with joint custody and countless other issues that divorced couples and their children face on an ongoing basis. The divorce process is *typically a difficult time for everyone involved, but why should a long term care planning specialist be concerned with divorce issues? The reason is that long-term care planning can play a significant role in divorce negotiations or as part of pre-divorce planning.*

Knowing all the details and the difficulties their clients face, divorce and matrimonial attorneys understand the significance that long term care planning may have for their clients and families. Through their guidance and counseling, clients can be given the opportunity to consider and decide how long term care insurance planning may benefit them.

Things to consider:

- First, long term care insurance provides married couples with benefit options not available to single individuals, such as couples discounts of as much as 20% to 25% off each person's premium.
- What makes the process for couples of divorces easier is that long term care policies are issued to each person individually along with individual premiums, including any discounts that apply. What is of significance here is that following a divorce, each person already has and keeps his or her own policy. Couples discounts that were applicable at the time the policies were issued remain in effect as long as premiums continue to be paid. In summary, long term care insurance plans continue with whatever benefits and discounts were issued prior to finalizing the divorce.

It is most advantageous for couples to purchase coverage from the same carrier. To overcome some of the problems divorcing couples face, the data gathering and meetings can be done with each individual separately. Each individual can select a plan that meets his or her individual goals and budget. The benefits selected by each individual can be entirely different from those selected by their spouse and couples discounts will still apply.

Should an applicant's health history limit some companies from being willing to offer coverage, we can still shop different insurers. Most companies offer what is generally referred to as "marital discounts," which means that if only one person of the couple is applying for benefits, the typical marital discounts of about 10%, still apply. Marital discounts will also continue as long as the policy remains in force, even after a divorce is finalized. So here too, significant discounts are available.

Since marital and couples discounts are available prior to a divorce being finalized, clients and their attorneys have the opportunity during the divorce process to arrange for long-term care planning that will provide for the emotional, physical and financial needs of clients and their loved ones at lower costs.

Long term care is always a family affair. Putting a long term care plan into effect prior to a divorce protects children and families from the impact a long term care event would certainly cause.

<sup>1</sup> “Divorce Rates” section, 2003 – 2008 Divorce Lawyer source, An Ejustice web site.

\* Vivian P. Gallo is a CLU (Chartered Life Underwriter), Certified Senior Advisor (CSA), and Accredited Estate Planner, (AEP) and has Certification in Long-Term Care (CLTC). She is a long term care planner specializing in long term care insurance. She is not a tax consultant or attorney, however, and cannot provide tax or legal advice. Please consult your accountant, tax preparer or attorney on all tax planning and legal matters.

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**CHOICES FOR LONG TERM CARE CONTRACTS  
WITH LINCOLN FINANCIAL ADVISORS CORP.**

**Strategic Alliance Enhances Comprehensive Financial Planning Services**

Vivian Gallo, owner and founder of Choices For Long Term Care Insurance, has contracted as a broker with Lincoln Financial Advisors Corp. She will be working locally and bringing her expertise in long term care insurance to clients of Sagemark Consulting, a division of Lincoln Financial Advisors Corp., a broker/dealer (Member SIPC) and a registered investment advisor located in Rye Brook, New York.

“As with any good strategic partnership, the benefits here will flow both ways,” said Gary Beane, a wealth planning advisor with Sagemark Consulting. “Vivian’s clients and ours will now be offered an even more comprehensive range of services that will assist them in planning for their financial futures.”

**Note:** To bring your planning to the next level and learn how you can benefit from our comprehensive planning services, please contact me.