



# The Strategic Benefits of Stacking Long Term Care Policies

## Maximizing Extended Care Coverage

In financial planning, “stacking” is often associated with diversifying investments across asset classes. However, in the context of long term care insurance (LTCi), stacking takes on a unique and frequently underestimated role that offers significant advantages. Rather than relying on a single policy, owning multiple LTCi policies or adding LTCi riders to life insurance can provide more robust coverage. This approach, while unconventional, can be a game-changer for those looking to protect their future extended care needs.

### Why Consider Multiple LTCi Policies for Comprehensive Coverage?

LTCi is designed to help cover the substantial costs of long term care services, such as assisted living, adult daycare, nursing home care, or in-home support. With healthcare expenses rising, having sufficient coverage is more important than ever for protecting your financial future.

Although a single LTCi policy offers valuable protection, owning more than one policy provides additional layers of security and flexibility. This approach can be particularly beneficial for younger clients who want to begin building protection early and expand their coverage as needed over time.



Individual LTCi **sales dropped** sharply, from **750,000 policies in 2002** to just **75,121 in 2021**<sup>1</sup>, underscoring the need for awareness about long term care planning.

Unexpected events, such as accidents and illnesses, can quickly disrupt the best-laid plans. Policies that seemed sufficient at purchase may fall short in 20 or 30 years if inflation reduces their value. Events like a global pandemic, war, or drastic policy changes can amplify inflation unpredictably. Fortunately, layering policies is a way to protect that.

Rather than letting an existing policy lapse and starting fresh, purchasing an additional LTCi policy can fill potential coverage gaps. Stacking policies functions like building a wall—each layer strengthens protection against unforeseen events, helping individuals prepare for future uncertainties.

## Benefits of Building Coverage

**Enhanced Coverage Limits** | One of the key advantages of stacking LTCi policies is increasing total coverage limits. By owning multiple policies, individuals can access a combined higher benefit amount than a single policy might offer. This is particularly useful for those with substantial assets or specific care preferences, as it provides the coverage needed to safeguard financial well-being and ensure access to preferred care.

**Broader Range of Coverage Options** | Each LTCi policy has its own unique benefits, coverage structure, and exclusions. Having policies from different providers enables individuals to diversify their coverage and access broader benefits. For example, one policy might offer comprehensive in-home care or a flexible cash benefit, while another may focus on nursing home care or alternative therapies. Combining policies allows for a more personalized plan that meets specific extended care needs.

**Flexibility in Care Settings** | Long term care needs and preferences often evolve. An initial preference for in-home care may later shift to assisted living or nursing home care. Diversification in policy types ensures that coverage can adapt to changing circumstances, with different policies catering to specific care settings and providing greater choice across environments.

**Protection Against Inflation** | Healthcare inflation can erode the value of LTCi policies over time, making adaptable coverage essential. Multiple policies can help bridge gaps if one policy's benefits fall short. For instance, the average price of a private nursing home room, just over \$100,000 in 2021, is projected to reach \$140,000 by 2030 and \$250,000 by 2050 (assuming a 3% inflation rate)<sup>2</sup>. For individuals in their mid-40s today, these escalating costs could significantly impact future care planning, underscoring the value of comprehensive protection.

**Backup for Financial Security** | Redundancy in LTCi policies creates an extra safety net if a claim is denied, a policy lapses, or an insurer faces financial challenges. Knowing that coverage remains in place even if one policy becomes inaccessible provides peace of mind and ensures coverage when it's needed most.



### A Surge in LTCi Purchases Opens the Door for Coverage Review and Stacking Opportunities

In 2019, Washington State passed the Long Term Services and Supports (LTSS) Trust Act, creating the WA Cares Fund to provide long term care benefits. The law mandated a 0.58% payroll premium, but residents with private LTCi were exempt. This led to a surge in LTCi policy purchases, with 60% of all LTCi and rider policies sold nationwide in 2021 directly tied to Washington's new law.<sup>1</sup>

Now is an ideal time to consider a stacking strategy. Reviewing existing policies and supplementing with additional coverage could provide clients with more flexibility and comprehensive benefits.

## Bottom Line

While exploring more than one LTCi policy offers significant advantages, it requires careful consideration and experienced guidance. Managing multiple policies involves navigating complexities like coordinating benefits, handling premium payments, and understanding tax implications. Most insurance providers impose maximum benefit limits for stacked policies, so thoroughly reviewing each policy's terms is crucial.

Stacking LTCi policies can be a smart and proactive strategy for those seeking to strengthen their financial security and prepare for future care needs. By diversifying coverage, maximizing benefits, and maintaining flexibility, individuals can better protect themselves against rising costs and unexpected events, offering long term care and peace of mind.

Clients with existing LTCi coverage should work with their financial professionals to explore adding an additional layer of coverage. The Crump LTC Solution Center can help review policies to determine if supplemental protection is right for their extended care plan.

## Contributor

**Rick Stewart** is the Director of the Crump Long Term Care Solution Center. He began his career with Crump in 2006 and has over 15 years of LTC and linked benefit product sales experience as an LTCi wholesaler. During his tenure, Rick also served as a regional director for Crump's Solution Centers, overseeing the sale of LTCi, disability insurance, and annuities. Today, Rick leads a team of LTCi wholesalers. Together, they are a valued resource to financial professionals and clients learning how to include extended care planning and LTCi into their overall financial plan.

## End Notes

<sup>1</sup> [2022 Milliman Long Term Care Insurance Survey](#)

<sup>2</sup> [Genworth Cost of Care Survey](#)

**Contact your financial professional for more information about the benefits, features, and specific types of traditional LTCi available to meet your specific needs.**



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