

## **Tax-Advantaged Health and Long-Term Care Insurance Benefits For Public Safety Officers**

As a result of the passage a number of years ago of both the **Pension Protection Act**, followed by the **Healthcare Enhancements for Local Public Safety Officers (HELPS) Amendment**, retired Public Safety Officers are able to use money from their retiree pension fund to pay for health insurance, select Medicare, and Long Term Care products which offer valuable financial benefits and protection.

Specifically, the Act **allows for up to \$3000** to be transferred by a retired Public Safety Officer (includes firefighters, ambulance & rescue squad members, and police) from any of the following types of funds in which they are vested in order to pay for healthcare insurance policies, Medicare policies, and/or Long Term Care Insurance, with the \$3000 amount excluded from gross income for tax purposes:

- Qualified Trusts
- 403 (A) Plan or Section 403b annuities
- Section 457b Plans

**A Pension Fund does need to establish a HELP Benefits program** in order to be able to offer this valuable feature to its members.

Unfortunately, the program does **not** include payout from any accrued pension fund dollars to pay for Long Term Care coverage for active Public Safety Officers, who could no doubt benefit from obtaining Long Term Care insurance as protection to be used in case an illness or injury should occur in the course of duty (or otherwise). They can of course choose to obtain such coverage on their own.

For those enrolled in Medicare, you are hopefully aware of the following types of coverages for which premiums and/or copays must be made, and for which money can be used through the HELP program to pay for: Medicare Part B premiums; Medicare Supplement plans; Medicare Advantage plans; and Part D prescription drug plans.

## Why Consider Using Money from Your Pension Fund to Pay for Long-Term Care Protection?

Unless a person has had a personal experience with the world of Long Term Care either through need by themselves, family member, or colleague, he/she may not even be aware of Long Term Care (which may also be thought of as Chronic Care or Extended Care). The subject of Long Term Care protection is often ignored because it is something that we as humans would rather avoid; and there is often a sense of denial that any of us could ever be the one to need LTC -- maybe our aunt or neighbor, but certainly not us!

Data indicates that up to 70% of us may need some form of LTC for some length of time. Formal Long-Term Care (LTC) can be provided by home health agencies and assisted living communities as well as by nursing homes. Not surprisingly, most people choose to receive care **in their own home**.

Costs for 8 hours of home care per day are at least \$50,000 per year (if receiving care from an Agency); costs of an Assisted Living facility can range from \$60,000 to \$100,000; and Nursing Home care are even more expensive, but much of Nursing Home Care may be paid for by Medicaid (a public program). Some people may hire a private caregiver at less expense but there are also potential other issues associated with that approach.

Purchasing LTC Insurance protection can provide **important protection** not only for yourself, but in cases of those in a married relationship or with a partner, can provide valuable protection to those persons, as well as to adult children. Caregiving presents challenges both physically, mentally, and emotionally, Further, many of those on whom we may hope to rely on to provide care are not able, not willing, not in the immediate geographic area, or have other responsibilities, including work, children, and their own spouses/partners with needs.

Having a policy which will help pay for LTC services of course also provides **important financial protection** in that money in assets or from monthly income does not have to be converted to pay for care, thus depleting these funds for other potentially important uses. One must also consider that taxes must be paid on funds taken from a tax-qualified retirement account, thus reducing the amount of dollars available to pay for care.

**There are a variety of ways to pay for Long Term Care protection.** “Traditional” policies offer a defined pool of benefits in exchange for premiums, which differ based on the amount of coverage purchased. “Hybrid” policies are most typically life insurance with Long Term Care riders; this allows the face value amount to be used as a Death Benefit for a beneficiary if the money is not needed to pay for Long Term Care. Finally, due to the Pension Protection Act, of which the HELPS Program is an amendment, a person can **re-position money** from a life insurance policy or annuity into a Long-Term Care product in a tax-advantaged manner.

## **GOTTLIEB INSURANCE ADVISORY**

### **SELECT INSURANCE COMPANIES/PRODUCTS OFFERED**

#### **Medicare Supplement, Medicare Advantage (MA), and Prescription Drug Plans**

- AARP/United Healthcare
- Aetna
- CareFirst MA(new for 2021)
- CIGNA MS and MA
- Humana MA & PDP
- Johns Hopkins
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- Lasso Medicare Savings Account/MSA
- Mutual of Omaha
- SilverScript PDP Plans
- University of Maryland
- WellCare PDP Plans

#### **Long Term Care or “Hybrid” Life or Annuity w/LTC Coverage**

- John Hancock
- Lincoln Moneygard
- Mass Mutual WL w/LTC
- Mutual of Omaha
- Nationwide/Care Matters
- One America-Asset & Annuity Care
- Prudential IUL w/LTC Rider
- Transamerica Life with LB

**Life Insurance Products** – multiple company affiliations – **both term and permanent** (WL, IUL) products, a number of which offer “living benefits” as a feature of the policy.

**Call or e-mail for further information or quotes. NO Fees; NO Obligation!**

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