

# Preferred Provider Article

## Protecting Retirement Assets From a Cognitive or Physical Impairment

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You've worked hard and saved your entire life and are ready to enjoy retirement. However, any type of an unreimbursed long term care expense, be it for a mental or physical impairment, can completely ruin your retirement plans.

The next question becomes, where will the money come from to pay for the needed care? What assets will be protected and what assets will need to be liquidated? Arrangements and planning made while you or your loved ones are healthy can play a big part in your quality of life after an unexpected impairment. All too often, individuals wait too long to consider taking advantage of a popular payment method for these expenses: Long Term Care Insurance.

A long term Insurance contract can be purchased to provide a set dollar amount, often \$200 - \$500 on a daily basis. Most contracts are of a comprehensive nature meaning that they will pay for various care needs in an Insured's home, an assisted living facility, or in a skilled nursing facility.

Many individuals ask, "What if I pay for a long term care insurance plan and then never need to collect the benefits?" As a result of the recently enacted Pension Protection Act, a new option called a Linked Benefit Life and Long Term Care Insurance became available. This option allows an individual to access up to \$122,000 annually adjusted for inflation, on a tax free basis from the death benefit of a life Insurance contract to pay for a qualifying long term care expense. The benefits from any traditional standalone long term care contract can be accessed in the event that an individual is unable to do 2 of the activities of daily living, or in the event of any type of a cognitive impairment as diagnosed by their physician. Combination or Linked products contain either a Chronic Care rider with no upfront cost, or a Long Term Care rider with an upfront cost, accompanied with more liberal access to potential benefits. In either case, access to the death benefit provides significant additional resources to help pay for these costs with tax free funds.

A long term care Insurance plan is one of the ways to protect an individual's independence, dignity, and retirement lifestyle. A family is better off caring about their loved one, rather than caring for their loved one. Planning for the future, such as purchasing a standalone or linked benefit long term care Insurance contract and completing your advanced directives, is imperative as you age. Please feel free to call for a complimentary consultation to determine if you are getting the maximum benefit for your premium \$\$.

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Henry Montag CFP, CLTC, in practice since 1976, is a Principal of the TOLI Center East & provides continuing education credits to organizations such as NYS Bar Association, NY State Society of CPA's. His articles have appeared in The NYS Bar Association, NYS Society of CPA's, The Women's Bar, & the AICPA. He's been a source for WSJ, Investor's Business Daily, Newsday, LIBN and has appeared as a guest on Fox News, News 12, & Wall Street Week TV. He recently co-authored a Flagship book for the American Bar Association titled "The Advisors' and Trustees" guide to Managing Risk" Jan 2017.



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