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PARTNERS



# WHY YOU SHOULD CONSIDER COVERAGE

**Demographic and societal changes have made long-term care planning a necessary part of the financial planning process. Regardless of your age, you shouldn't dismiss long-term care insurance without learning about it.**

Most people focus on building wealth—as they should—but when you understand the cost of care and the odds of needing it, you'll see that building wealth without a plan to preserve it may have serious consequences. When looking into insurance, there are more choices when you start early; premiums are significantly lower, and you're more likely to be healthy enough to be approved for coverage. Having high blood pressure or being overweight might not seem like big problems now, but unfortunately, most health conditions deteriorate over time and may prevent people from getting coverage when they get around to applying.

## What is Long-Term Care?

Long-term care, also referred to as custodial care, is different from traditional medical care you've received throughout your life. It's not typically provided by doctors and it isn't designed to cure you of an illness; it's the kind of help you might need if recovering from an accident, a serious illness, or simply going through the natural but often debilitating process of getting older. Long-term care is also received when you have a cognitive impairment, like dementia or Alzheimer's, or you're not able to perform every-day activities such as eating, bathing, dressing, or going to the bathroom. People receive long-term care services for a variety of reasons and in various settings: at home, assisted living facilities, adult day care centers, and in nursing homes.



Approximately 70% of people turning age 65 can expect to use some form of long-term care during their lives.\*\*

# Plan Features:

**Long-term care policies are very flexible and pay benefits for care in many settings, including:**

**Home** – Where most people prefer to receive care.

**Assisted Living Facility** – When it is no longer possible to stay at home, assisted living facilities offer the next best thing. Social activities, companionship, and limited custodial care in a home-like setting.

**Adult Day Care** - Adult day care centers provide exceptional daytime care for older adults with physical needs or memory loss. Your loved one can enjoy an active, social day while receiving the care and support he or she needs in a vibrant community setting.

**Nursing Home** – Round the clock care is available with a higher level of skilled medical assistance that is necessary when recovering from a serious injury or severe illness.

**Other Features of your long-term care plan Include:**

**Premium Discounts** – You may be eligible for spouse/partner as well as good health discounts. Check with your long-term care licensed insurance agent.

**Portability of Coverage** – Your coverage dollars are portable even if you move to another state.

**Tax Qualified** – Your premiums may be tax deductible, and at claim time benefits are tax free.\*\*\*

**Waiver of Premium** – Once you qualify for benefits and satisfy your elimination period (similar to a deductible on your auto insurance) premiums are often waived as long as you remain on claim in most states.

## Find Your Answer



### Q. Does my health insurance cover long-term care?

A. No—traditional health insurance pays for skilled care that is medically necessary. It does not pay for long-term custodial care.

### Q. What can I expect from Medicare and Medicaid?

A. Medicare is your health insurance when you reach age 65. Like your health insurance, it does not cover long-term custodial care. Medicaid will help pay for long-term care, but you must be impoverished to qualify.

### Q. Why should I consider this coverage now—isn't long-term care insurance for old people?

A. Long-term care is not for seniors only. 40% of people using long-term care services are under age 65.\* The younger you are when you first purchase long-term care insurance, generally the lower your premium will be for the life of your plan, regardless of your age or health status in later years. Long-term care can use up your savings, so it needs to be part of your financial planning process.

### Q. How much does this coverage cost?

A. It depends a lot on decisions you will make with the help of your long-term care licensed insurance agent. This is not one-size-fits-all coverage. Long-term care can supplement the services provided by your family or fully cover the cost of home care, assisted living, or nursing home care. Learn before you plan. Talk with a long-term care expert today.

### Q. What is the difference between disability insurance and long-term care insurance

A. Disability insurance will replace all or part of your income if you cannot work due to illness or injury. Disability insurance is available only until your retirement age under social security. Long-term care insurance pays for care and expenses required to perform every-day activities of living. Once approved for it, you can maintain this coverage throughout your life.

### Q. What if I purchase coverage and don't use it?

A. Long-term care insurance works the same way as your home, health and auto insurance. You are purchasing the security of having protection. The only difference with long-term care is that the risk of needing it is much greater. More than 7 out of 10 people over the age of 65 will need care at some point in their lifetime. \*\*

An alternative can be found in life/long-term care hybrid policies (also known as asset-based long-term care products). These are long-term care plans built on a life insurance platform that can provide long-term care coverage for life, so you never have to worry about the benefits running out. In addition, some plans offer fixed or guaranteed premiums that will never increase. The biggest difference with these products is that, if you die without using the full death benefit, the remainder goes tax free to your beneficiaries.

### Q. What if I don't qualify for long-term care insurance due to a pre-existing health condition.

A. In some states there are short-term care products which you may be eligible for. You may also consider annuity based long-term care hybrid products that may have favorable underwriting. Consult with your long-term care expert to find out what is available to you based on your resident state and specific health concerns.

# Plan Design



There are many plan design choices and each person's long-term care policy can be customized for their specific circumstances. To simplify the process of choosing a policy, your LTC expert will help you design a policy that fits your personal situation and needs.

**Benefit Amount** – The dollar amount of benefit you will receive each month if you go on claim.

**Lifetime Maximum Benefit** – The total pool of money available to spend on care if you go on claim.

**Elimination Period** – Think of this as a deductible, just like your other insurance policies. With long-term care insurance, this is expressed in days instead of dollars. It is the length of time that you pay for care before the insurance starts to pay. Of course, the longer the period (the higher the deductible), the lower the cost of the premium.

**Inflation Protection** – This is a feature which increases the value of your benefit each year to help keep up with the cost of inflation.

**Shared Care** – This is a rider which allows you and your spouse to link your policies. Unused benefits transfer to the surviving spouse.



# Understanding the Risk

People today are living longer than ever before, which presents a challenge to us as individuals and as a nation: how to pay for long-term care. The challenge is only getting bigger as the population of Americans over 65 is growing every year. 70% of men and women that reach age 65 will need some type of long term care.\*\* Nationwide, the average long-term care costs are between \$50,000 - \$100,000 per year.\*\*\* These costs will directly affect the majority of Americans. Care at home, where most people would like to receive it, can be just as costly and even more expensive depending on your needs.

Long-term care will affect virtually everyone whether you end up requiring care, being a caregiver, or watching friends and loved ones struggle under the burden. Think about how this situation might affect your family, and then consider how you will prepare for your long-term care needs. One of your options is long-term care insurance.

ACSIA Partners represents the industry's leading insurance companies as the nation's largest insurance agency specializing in long-term care planning.

\* The Caregiving Project for Older Americans, "Caregiving in America", 2007

\*\* U.S. Department of Health & Human Services, Caregiver Resources & Long-Term Care, retrieved 5/2/2018, <https://www.hhs.gov/aging/long-term-care/index.html>

\*\*\* Genworth Financial, Genworth 2017 Cost of Care Survey, retrieved 5/3/2018, <https://www.genworth.com/aging-and-you/finances/cost-of-care.html>

\*\*\*\* Consult your tax advisor regarding your specific tax circumstances.



## Still Have Questions?

### Contact us for more information.

A licensed long-term care expert will be glad to answer any questions or help you design a plan to fit your specific needs.

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