


Guide to Long-Term Care Insurance





The greatest gift of long-term care insurance is that it allows loved ones to *supervise* your care and not have to *provide your care*.

What is Long-Term Care?

Long-term care (LTC) goes beyond medical care to include all the assistance you could need if you ever have a chronic illness or disability that leaves you unable to care for yourself for an extended period of time (longer than 90 days). While older people generally require the most long-term care services, 40% of long-term care claims are paid to someone under the age of 64.* A young or middle-aged person who has suffered a debilitating illness or accident may also require care.

You may require long-term care due to:

- Dementia/Alzheimer's
- Stroke
- Complications with diabetes
- Other chronic conditions

Where Can You Receive Care?

- At home
- Assisted living facility
- Services in community facilities
- Skilled nursing facility
- What is Your Plan Should You Need Care?

* U.S. Government Accountability Office

By allocating nothing for long-term care, you could be risking retirement assets. With the help of your family and your financial advisor, you can create a written plan to ensure care for yourself today and in the future. Things you should consider:

- **Who would you want to care for you?** Your children, your spouse, a qualified professional, a nurse? How would this affect the lives of your loved ones and family?
- **Where would you like to receive the care?** Your home, an assisted living facility, a community center, a nursing facility, your child's home?
- **How will you pay for your care?** With your own assets? If so, which asset would you use first? Are they in taxable accounts? Are the assets liquid? Would you use a long-term care insurance policy?

It's important to have a clearly written plan so there's no confusion if you were to need long-term care. Sit down with your family and financial advisor and write out your plan today.

Why is Planning Important?

Needing long-term care puts an enormous emotional and physical

The Caregivers

- **One-third** of caregivers had provided 30 or more hours of care per week.
- **Fifty-three percent** of caregivers had lost income due to demands of providing care.
- **Forty-seven percent** experienced negative feelings such as depression.

Genworth, Beyond the Dollars survey 2013.



strain on your loved ones and family members. By planning ahead of time, you can help reduce this burden. Also, as you age, your health may change, which could make it difficult to get coverage in the future. This is why it's important to start planning now while you have the most options.

Would Healthcare Insurance or Medicare Cover These Costs?

Healthcare, including Medicare, pays for skilled or rehabilitative services only, and it doesn't cover custodial care. Medicare may cover a portion of the first 100 days of care received at a nursing facility if specific program requirements are met. After the first 100 days, you'll have to cover your own costs.

Medicaid is the joint federal and state welfare program for those with low income and limited financial resources. Eligibility restrictions such as gifting money to loved ones, transferring assets into trusts, and creating promissory notes make it increasingly difficult to qualify for this program.

Ways to Fund Your Long-Term Care

Almost **60%** of caregivers have had to cut their own discretionary spending to help loved ones cover these costs.

Genworth, Beyond Dollars: The True Impact of Long Term Caring, 2013

Plan

Traditional LTC Insurance

These policies offer flexibility in benefits to help you design a plan that addresses your specific needs. It also may limit out-of-pocket expenses. Good health and partner discounts help reduce the cost of these premiums.

Traditional LTC insurance policies may qualify for your state's Partnership Program, which means that every dollar in benefits paid from a long-term care policy will allow you to protect a dollar of your assets should you ever need to qualify for Medicaid. Please consult with your financial advisor on how the Partnership Program may benefit you. All traditional LTC products that LPL Insurance Associates offer are tax qualified; however, not all premiums are tax deductible.

The largest open claim on record has reached over \$1.8 million.

AALTCI.org 2013

Life Insurance with LTC Riders

Many insurance carriers are now offering a long-term care rider that acts as an added benefit to a permanent life insurance product. This type of policy is advantageous for those clients who are primarily looking for life insurance, because they're actually securing two forms of insurance in one package. Long-term care riders come at a cost and they allow you to use a percentage of your death benefit should you require long-term care instead.

Single Premium Life/Long-Term Care Insurance

These product options, also known as linked benefit products, may be your best option to self-insure. This product offers a simplified application process for life and long-term care. In the event you don't require long-term care, the death benefit will be paid income tax free to your requested beneficiaries. Such products may also include Return of Premium features that returns the premiums paid for coverage if you survive the policy's terms. Such producers may also include a return of premium feature. At any time, you can request a return of premium upon full surrender of the policy. The amount



received will be adjusted for any benefits paid and any loans and cash withdrawals. Note: It may have tax implications.

What are the Next Steps?

- Have the conversation with your family about your objectives
- Speak with your financial advisor
- Create a written plan of care
- Find out what coverage costs in your area
- See if you can medically qualify for insurance coverage

Educational Resources Available to You:

Medicare: www.medicare.gov

Cost of Care Survey: www.genworth.com/CostofCare

America's Health Insurance Plans: www.ahip.org

Guide to LTC: www.guidetolongtermcare.com

LTC Shopper's Guide:

http://www.naic.org/documents/prod_serv_consumer_ltc_lp.pdf

National Association Insurance Commissioners:

www.naic.org/index_ltc_section.html

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing.

The cost and availability of life insurance depend on many factors such as age, health, and amount of insurance purchased. In addition to premiums, there are contract limitations, fees, exclusions, reductions of benefits, and charges associated with policy. And if a policy is surrendered prematurely, there may be surrender charges and income tax implications.

Riders are additional guarantee options that are available to an annuity or life insurance contract holder. While some riders are part of an existing contract, many others may carry additional fees, charges and restrictions, and the policy holder should review their contract carefully before purchasing.

Any guarantees are contingent upon the claims-paying ability of the issuing company.

Not FDIC/NCUA Insured	Not Bank/Credit Union Guaranteed	May Lose Value
Not Insured by any Federal Government Agency		Not a Bank Deposit

To the extent you are receiving investment advice from a separately registered independent investment advisor, please note that LPL Financial is not an affiliate of and makes no representation with respect to such entity.