

How Long Term Care Insurance Can Help Protect Your Assets

Create a pool of healthcare dollars that will grow in any market.

How will you pay for long term care? The sad fact is that most people don't know the answer to that question. But a solution is available.

As baby boomers leave their careers behind, long term care (LTC) insurance will become very important in their financial strategies. The reasons to get an LTC policy after age 50 are very compelling.

Your premium payments buy you access to a large pool of money which can be used to pay for long term care costs. By paying for LTC out of that pool of money, you can preserve your retirement savings and income.

The cost of assisted living or nursing home care alone could motivate you to pay the premiums. Genworth Financial conducts a respected annual Cost of Care Survey to gauge the price of long term care in the U.S. Here is a summary of the 2013 survey's key findings:

*In 2013, the median annual cost of a private room in a nursing home was \$83,950 or \$230 per day – up 3.6% from 2012. In the past five years, the cost has risen about 4.5% annually.

*A private one-bedroom unit in an assisted living facility has a median cost of \$3,450 a month, or \$41,400 annually. It was 4.5% cheaper last year.

*The median payment to a non-Medicare certified, state-licensed home health aide is \$19 an hour in 2013, up 2.3% from 2012.¹

Can you imagine spending an extra \$40-85K out of your retirement savings in a year? What if you had to do it for more than one year?

The U.S. Department of Health & Human Services estimates that about 70% of Americans will need some kind of long term care during their lifetimes. Additionally, 69% of Americans older than 90 have some form of disability – often a direct cause for long term care.²

Why procrastinate? The earlier you opt for LTC coverage, the cheaper the premiums. This is why many people purchase it before they retire. Those in poor health or over the age of 80 are frequently ineligible for coverage.

What does it pay for? Some people think LTC coverage just pays for nursing home care. That's inaccurate. It can pay for a wide variety of nursing, social, and rehabilitative services at home and away from home, for people with a chronic illness or disability or people who just need assistance bathing, eating or dressing.³

How much will your DBA be? DBA stands for Daily Benefit Amount - the maximum amount that your LTC plan will pay per day for care in a nursing home facility. You can choose a Daily Benefit Amount when you pay for your LTC coverage, and you can also choose the length of time that you may receive the full DBA on a daily basis. The DBA typically ranges from a few

dozen dollars to hundreds of dollars. A small number of these plans offer you “inflation protection” at enrollment, meaning that every few years, you will have the chance to buy additional coverage and get compounding - so your pool of money can grow.

Medicare is not long term care insurance. Some people think Medicare will pick up the cost of long term care. That is a misconception. Medicare will only pay for the first 100 days of nursing home care, and only if 1) you are getting skilled care and 2) you go into the nursing home right after a hospital stay of at least 3 days. Medicare also covers limited home visits for skilled care, and some hospice services for the terminally ill. That’s all.⁴

Now, Medicaid can actually pay for long term care – if you are destitute. Are you willing to wait until you are broke for a way to fund long term care? Of course not. LTC insurance provides a way to do it.⁴

Why not look into this? You may have heard that LTC insurance is expensive compared with some other forms of coverage. But the annual premiums – in the vicinity of \$2,000-2,500 for the typical policy right now – are cheap compared to real-world LTC costs.³

Please contact Kim at Resonate at 513-605-2500 x214. We will be happy to schedule a complimentary meeting to talk about your long term care options.

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Citations.

1 - www.genworth.com/dam/Americas/US/PDFs/Consumer/corporate/131168_031813_Executive%20Summary.pdf [3/18/13]

2 - longtermcare.gov/the-basics/who-needs-care/ [3/18/13]

3 - www.marketwatch.com/story/long-term-care-coverage-worth-the-price-2012-12-04 [12/4/12]

4 - www.medicare.gov/longtermcare/static/home.asp [8/3/12]