

LONG-TERM CARE INSURANCE

Individuals are living longer—but we are not necessarily living these years in the best of health. Although medical advances have helped increase our life expectancy, we still must face the realities of aging. A less than happy truth is that we often spend several of our last years in need of assistance with day-to-day routines. As health care expenses rise, it is important that we think about ways to protect you against the risks long-term care presents.

What is long-term care?

Long-term care refers to the care and services required when a person is unable to perform activities of daily living or when an individual suffers from severe cognitive impairment. This requires custodial care, not skilled care; that is, the person receiving care needs assistance with activities of daily living or supervision, not treatment that can only be administered by a doctor or skilled nursing staff.

Activities of daily living include:

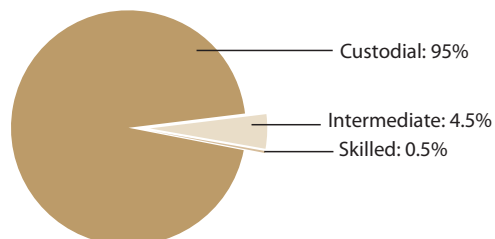
- Bathing
- Dressing
- Eating
- Toileting
- Maintaining continence
- Transferring

Depending on the individual and the extent of the care required, you can receive long-term care services at home, at a skilled nursing facility, at an adult day care center, or at an assisted living facility.

How can long-term care be funded?

There are several ways to pay for long-term care services, including Medicare, Medicaid, personal savings, and long-term care insurance. It is important to recognize the limits of each of these options.

What Type of Long-Term Care Do People Generally Need?



- **Medicare** does not cover custodial care at all. Medicare will only pay for skilled and rehabilitative care if there is an expectation that the patient will recover and only for a maximum of 100 days.
- **Medicaid** coverage is typically limited to skilled nursing facilities. You also must meet state welfare guidelines in order to receive benefits. Although this care option may seem tempting, it is important to remember that the Medicaid system has become overburdened and may not be a viable option when you need it, in addition to the fact that you must first be impoverished.
- **Personal assets** can cover all types of care; however, long-term care is expensive and may drain your savings, leaving little for your family or heirs.
- **Long-term care insurance (LTCI)** may be an affordable way to fund your care and protect your overall financial plan and your family. It works to protect you and your assets. LTCI covers care in a variety of settings, such as home care, assisted living care, adult day care, nursing home care, and hospice care. Premiums are a fraction of the cost of long-term care, and with proper coverage, you may avoid draining savings to fund your treatment. And, just as important, an LTCI policy protects your family members from the burdens of care-giving.

How can I obtain LTCI?

- To start the process, the insurance company needs a completed application and generally a deposit check.
- Depending on your age and health status, specific underwriting requirements need to be fulfilled. These may include:
 - A phone interview
 - Getting your medical records
 - A face-to-face interview
- It takes 6–10 weeks to get an underwriting decision.
 - Your application may be approved.
 - It may be declined, in which case you get your check back.
- If you get approved, you have 30 days to review the policy. We will do this together.
 - If you decide not to take it, you get your check back.
- If you accept the policy, I will review it as needed to ensure that it continues to meet your coverage needs.

Undoubtedly, many individuals will require long-term care at some point in their lives. As your financial advisor, I am committed to protecting you and your assets against this risk. It is important that when thinking about long-term care, you consider what kind of care you will most likely need and where you would prefer to receive this kind of care. Once you have given these issues some thought, we can begin to work on a plan to ensure that you receive the style of treatment you desire.