



Everything You Need to Know about *Long-Term Care Insurance*

Hopefully you have clicked on the short video above. If so, you will see this article is particularly important for those:

1. Are age **55 or older**
2. With **parents or grandparents age 55-75**
3. **Forward to someone** you know or care about

IMPORTANT: You Could Be Caregiver

If you have not dedicated your career in the caregiving field, many people find being a caregiver to be extremely challenging. **Note:** Please understand the caregiver I am referring is the “informal caregiver” - someone who is not compensated for the work they do, but rather forced to frequently provide care for a loved one - alongside their regular full-time job.

Maybe you are currently a caregiver, or have been in the past? My family has personally experienced this several times, and it is likely that, at some point, your family will as well. Whether it is full-time or part-time, taking care of Mom, Dad, sibling, or spouse is something that many of us will do in our lives. **So please don't assume “this won't or can't happen to me”.**

In fact, according to the 2017 research from the National Alliance for Caregiving and AARP:

- There are **over 43 million caregivers** in this country.
- The **average age** of these caregivers is **49.2 years**.
- **48% of caregivers** in America are **18-49 years of age**.
- These caregivers work an **average of over 24 hours a week** (although this loving support is rewarding, it is also unpaid)

As you can see, today's Gen-Xers and Millennials are serving as caregivers long before they ever thought this would - or could - happen. Also, most of these caregivers have another full-time job, family, children, and trying to squeeze caregiving into their already busy lives.

For many, caregiving results in a negative impact on their:

- ✓ Careers
- ✓ Finances
- ✓ Emotions
- ✓ Families
- ✓ Stress levels
- ✓ Sleep patterns
- ✓ Social and spiritual life
- ✓ A myriad of other activities

In most cases, caregivers are starting off without any formal or professional training. In other words, they are largely being forced into caring for a loved one, and forced to "learn on the job". As you can see, this is not an easy task you have a spouse and/or family, and you are also working 40/50/60 hours a week.

LTC Needs and Costs are Skyrocketing!

Most of you know one of my top jobs is helping you avoid large losses. When you think of avoiding large losses, you probably think of your investment portfolios - which of course - is one of my top priorities.

However, I am seeing an increasing need for Long-Term Care (LTC), which is something that can create equal, if not greater, large financial losses.

Personally, I have experienced the devastating (and often irreparable) financial, physical, and emotional damages that usually accompany LTC. This experience spans of several decades, and includes both my personal life as well as the lives of many of my clients.

Two FACTS that have been growing at an exponentially alarming pace over the past decade:

1. The number of people who will need LTC insurance
2. The costs associated with this type of care

Truth be told, Long-Term Care (LTC) insurance is something many of my clients need, but very few actually own. That is exactly why I believe it is my duty and obligation to proactively address LTC insurance – of course wherever and whenever applicable. Put another way, discussing LTC insurance must be a standard and routine part of the work I do – for the best interest of the clients (and their families) I am privileged to serve.

Definition of Long-Term Care

For starters, let's look at what LTC really is - and how it is defined.

In its simplest form, LTC is defined as the assistance needed when someone is unable to care for themselves due to **chronic illness**, physical injury, cognitive (mental) impairment, or frailty.

Healthcare professionals, health insurance providers, HMO's, and Medicare classify this type of care as **custodial care**, as opposed to acute or rehabilitative care.

NOTE: The purpose of LTC insurance is to provide assistance with the normal activities of daily living.

These normal activities of daily living include:

- ✓ Getting around inside and outside of the home.
- ✓ Bathing, dressing, toileting, personal hygiene, and eating.
- ✓ Assistance needed with the associated activities of daily living, such as using the telephone, preparing meals, paying bills, shopping, transportation, and housekeeping.
- ✓ Help with activities necessary to remain at home, participating in an adult day care program, residing in an assisted living center or receiving skilled care in a nursing facility.

Top 3 Benefits of LTC Insurance

LTC insurance is largely designed to help individuals, couples, and families to guard against three worst-case scenarios:

1. **Being removed from your home** (and "forced" into a LTC facility)
2. **Becoming a burden to family** (spouse, kids, grandkids, loved ones)
3. **Disinheriting your family** (due to LTC-related costs and expenses)

Top 5 Reasons People Need LTC

According to a 2012 John Hancock Internal Claims Report, these are the top five reasons people receive reimbursement from their LTC insurance policies:

1. Dementia (Alzheimer's)
2. Cancer
3. Stroke
4. Fractures
5. Nervous System

Who is a Good Fit for LTC?

After many years and countless hours of research, training, and education, I consider myself very well-versed about LTC. This knowledge and experience has also helped me to gain a much better understanding of the value and importance of LTC insurance.

For example, check out these shocking stats:

- **70% of people** over age 65 will need **at least six months** of LTC services during their life. *
- **85% of couples** over age 65 will need **at least one year** of LTC services during their lives. *
- The national **average cost for one year** of nursing home care is **\$84,000 year – or \$7,000 per month.** **

Here is more scary food for thought. If these are the approximate LTC costs and expenses today, can you imagine how much these costs will increase over the next 10-30 years?

The harsh reality is that very few of us die *suddenly, unexpectedly, and quickly*. The large majority of us will experience a chronic condition that requires at least one year of LTC-qualifying custodial care.

Therefore, here are two things I firmly believe:

- **Who needs life insurance?** Most married couples, especially parents with children.
- **Who needs LTC insurance?** Most who are approaching retirement, or currently retired.

Many of my clients ask; “*What if I never need LTC insurance? Then I am just throwing lots of money down the drain, right?*” Well, in some cases that may be true. However, I always tell my clients that the cost of owning LTC insurance “***can either turn out to be a small mistake...or a very big one.***”

Owning LTC insurance really comes down to **affordability**. If you can afford to own lots of insurance that will protect you and your family against life’s unexpected events and/or worst-case scenarios, then owning LTC insurance makes perfect sense.

How do you know if this is affordable? That’s my job, and I welcome and encourage the opportunity to discuss this further.

What is “the Right Age” to Buy LTC?

Obviously there is no way of knowing who will actually need LTC insurance in the future. However, given my experience, research, and calculations, ***the most timely and affordable age range to buy LTC is 50-65 years old.***

Why between ages 50 and 65? There are several key factors that affect LTC prices, which often makes this type of insurance cost-prohibitive:

- **Life Expectancy and Need** – at age 65 your life expectancy reaches a pivotal point of decrease - while at the same time – your probability of needing LTC begins to increase substantially.
- **Health Conditions** – most people at age 65 usually begin to experience serious health conditions that increase LTC policy prices – or in many cases disqualify you from purchasing a policy.

Here are some additional facts and considerations to further confirm why it makes sense to apply for LTC insurance sooner versus later:

1. **The longer you wait, the higher the price.** There are two reasons why. As previously noted, regardless of your health condition, LTC prices always increase with age. Also, the older you get the more likely it is you will begin to experience major health conditions.
2. **The costs and expenses of LTC are virtually guaranteed to increase when you consider:**
 - The exponentially increasing number of people who will be needing LTC insurance, but cannot qualify or afford these policies.

- Every LTC insurance company (including the Government) grossly miscalculated, underestimated, and underpriced LTC costs and expenses.
- About a decade ago there were more than 50 insurance companies that offered LTC insurance. Today, only a handful of the strongest and most credible companies are offering LTC insurance.

Medicare Does NOT Pay for LTC

Many people think Medicare pays for LTC expenses. **Nothing could be further from the truth.** Medicare does not cover most of the expenses that are typically associated with LTC.

LTC is a chronic illness that requires custodial care. In the overwhelming majority of cases, the type of chronic care most people need falls under the definition of custodial care. And you guessed it, **Medicare does not pay for custodial care.**

Very important to know: **As long as you have the potential for improvement,** health insurance, HMO's, and Medicare will pay for the treatment of acute medical conditions, and for approved rehabilitative therapy.

However, health insurance and Medicare pay nothing, or very little, for the custodial care services that are needed - when the most common chronic conditions occur - and are unlikely to improve; such as debilitating arthritis, dementia/Alzheimer's, cancer, stroke, fractures, coronary insufficiency, nervous system, etc.

In summary, once your condition is considered chronic, and you remain stable with no demonstrable improvement, you must pay out of pocket for any daily custodial care assistance.

Therefore, if our clients are incapacitated from a chronic medical condition, **the actual costs for care or assistance is with their daily functioning.**

Why Doesn't Everyone Own LTC?

There is a wide variety of reasons why many people don't take the necessary proactive steps to inquire about, or own, LTC insurance:

- **Denial** – The harsh reality is most people don't want to think about, or talk about, needing this type of care. Maybe you don't think you will

never need this type of care? In other words, your mindset is “*that won’t ever happen to me*”. Maybe you can’t fathom the thought, or possibility that you will need professional help with some of life’s most basic activities? Clearly needing LTC is not a pleasant thought for any of us. However, the harsh reality is that proper planning requires us to look beyond ourselves - and do what’s best for our spouse, family, and loved ones.

- **Cost and Price** – What I find is that many clients are shocked to know how much it costs to pay for someone who needs LTC support. They are also unaware of how much these costs will exponentially increase in the future. **Most importantly, my guess is you would be surprised how affordable LTC insurance really is.**
- **Fear, Uncertainty and Complexity** – LTC insurance is a very complex, complicated, and intimidating insurance policy. In addition, there can be lots of uncertainties such as:
 - *Who and where can you turn to for help?*
 - *When should you start considering this?*
 - *How much insurance protection do I really need?*
 - *How much does LTC insurance cost?*
 - *How does the application process work?*
 - *What are the key features and benefits to consider?*
 - *What kind of policy fits you the best?*
 - *Which companies are the most financially stable and least likely to increase your LTC prices?*

As you can see it is critically important to really understand LTC insurance, and how to structure the right type of policy that is most affordable. That’s my job and why I serve as a valuable resource.

- **Credible Person** – Most people don’t know a credible person to turn to for LTC. Given my experience in this area, I know exactly what you are searching for. What everyone needs and deserves is someone knowledgeable, credible, experienced, and trustworthy. That’s why I understand my role is to provide you with the information and education you need – while at the same time eliminating the fear of being “sold” or “obligated”.
- **Affordability** – If LTC insurance was free, everyone would own the biggest and best policy, right? This explains why it is so important for me to show you how to afford this all-important family protection –

and try to do so with as little (or no) effect on your monthly cash flow as possible.

- **Misperception, Misunderstanding, and Misinformation** – An overwhelming number of people **falsely believe they are already covered** by their health insurance, HMO, Medicare, or Medicare Supplement. One of the biggest misunderstandings about LTC is the false hope and expectation that the government will provide your care for you. What many fail to realize is that, before the government will provide you any financial support, *you must spend all your own money and assets **first***...until you are considered “financially indigent” (which means your total net worth is less than \$2,000). In other words, the only time you are eligible for government assistance is when you are flat broke and out options. And please trust me when I say this; **you should not choose the government’s LTC program and support – but rather choose to avoid it.**
- **Necessary Conversations** – Another unfortunate reason many people don’t own the protection afforded by LTC insurance is because their financial professional does not proactively initiate this necessary conversation – often enough or soon enough.

It’s Only Too Soon...Until It’s Too Late

I fully understand most people hate the thought of buying LTC insurance – or even worse – needing to use it. In fact, there are very few times throughout my entire career where someone **proactively** reached out to me, while they were young and healthy, to inquire about LTC insurance. Hence why there is an old saying in our business; ***“People buy what they want...but they usually have to be sold what they need.”***

Part of my job in serving you is to make sure I never overlook, ignore, or postpone these kinds of necessary conversations. Why? Because as we age, the possibility of you developing a major medical condition, having an accident, and becoming uninsurable increases.

Time for a Necessary Conversation?

As a financial services professional, there is rarely a time when I can use the word “guarantee” (without lots of disclaimers anyway). However, here are several things in life that are virtually guaranteed;

1. Over time your age ***will always increase***

2. Over time your health **will decrease**
3. Over time your need for LTC **will increase**

My sincere hope and prayer is this article helps to:

- ✓ Explain why my duty and obligation is to **proactively** address this all-important topic with you.
- ✓ Provide an excellent opportunity for us to talk about whether it makes sense for you to consider this all-important family protection.

Usually when someone **approaches me** about buying LTC insurance, they are usually older in age, poor in health, and attempting to acquire this kind of family protection at a time of great need. Sadly, this is usually when they cannot qualify or afford the LTC insurance they so desperately need.

No matter how much money you have, nobody can purchase a LTC policy after you have experienced major medical conditions, or if you already need this type of professional care.

In summary, I have learned that **it's never too** soon to have these kinds of necessary conversations...but if we keep putting it off...it **can be too late**.

Christopher P. Hill, RFC®, President
Wealth and Income Group LLC
www.yourmoneymatters.com

Office: [\(540\) 685-4321](tel:5406854321)
Mobile: [\(703\) 906-2446](tel:7039062446)
Fax: [\(703\) 563-9222](tel:7035639222)

3959 Electric Road, Suite 115
Roanoke, VA 24018

ADDITIONAL OFFICES (By Appointment Only):

- Tysons Corner (Vienna), VA
- Chantilly, VA
- Stephens City, VA