

Three Things to Know About Long Term Care Insurance

Does your financial plan take into account all of the possibilities regarding your health and your ability to care for yourself in the future? Most people don't think twice about insuring their possessions, or protecting their families with a life insurance product. Yet many pass on the opportunity to purchase long-term care insurance, hoping they will be fortunate enough to avoid the need for costly extended care in their lifetime or believing they will somehow manage with their own resources if they do require it. Here are three reasons it makes sense for some people to consider investing in a long-term care insurance policy.

There's a good chance you'll need some form of long-term care. According to the Department of Health and Human Services, 70 percent of Americans age 65 today can expect to need long-term care services of some kind before they die.¹ People generally also are living longer, having smaller families and saving less than previous generations.¹ All of these factors point to a stronger possibility that if a need for long-term care arises in the future, many of us may not have sufficient resources to manage on our own.

Think carefully about how your family would be affected by long-term care needs. What would you do if you or your spouse needed ongoing services to assist with the personal tasks of everyday living? Could you count on family and friends to help with around-the-clock care? Would you be able to remain in your current home if you were no longer able to cook and clean for yourself? Do you have enough savings to pay for custodial care services for months or even years on end? Long-term care insurance products are designed to help families afford extended care in these kinds of circumstances.

Public programs may not cover all of the needs of individuals requiring long-term care.

Although Medicare may cover medically necessary care for a limited time, Medicare does not pay the largest part of long-term or personal care services. And while Medicaid does include provisions for long-term care in your home or a nursing home, you must meet income and asset requirements or spend down your assets until you do.

There's more than one kind of long-term care insurance. Traditional long-term care policies cover services provided at your home, in assisted living or in a nursing home facility. They generally cover some or all of the cost of coordination of care, which can add up over time. You can choose long-term care plans of varying amounts of coverage and duration. Most plans include a waiting period, and you may be able to opt for inflation protection. Your plan payments may be partially or fully tax deductible. Another way to insure for long-term care expenses is by purchasing a rider on your life insurance policy, allowing you to use death benefits to cover long-term care costs.

Talk to your financial advisor to determine if long-term care insurance is right for you. Together you can review your choices and consider the long-term care policy or rider that fits best within your overall financial plan. Age and health often determine your cost and eligibility so making this decision a priority might be beneficial. Even a modest policy can go a long way toward preserving your resources in retirement in the event you or your spouse needs extended care services.

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