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Do Your Parents Need Long-Term Care Insurance?



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We live in an age of medical miracles. People live longer than ever before, and life expectancies are increasing at a steady rate. This means that many of us will be fortunate enough to still have our parents with us as we ourselves reach retirement age. As our parents age, however, their health may decline, and the greater the chance becomes that they will require home care, nursing home care, or other assisted-living arrangements.

Long-term care: the odds against it aren't long at all

Maybe you think that you'll be the lucky one, that your parents won't need long-term care, but the statistics indicate that we're living longer and the need for long-term care is more likely. Also, parents living alone (especially women, who have a longer life expectancy than men), are more likely to need long-term care without a spouse or partner available to help out.

The cost of long-term care isn't low, either

Long-term care can also be expensive. What's more, Medicare, Medigap, managed-care programs like health maintenance organizations, and indemnity medical insurance plans don't pay for long-term nursing home care or for assisted living. Although Medicaid, a state-administered federal welfare program, will cover the costs of long-term care, your parents must be legitimately impoverished to be eligible for it.

If they're not prepared, your parents might find their lifetime savings and their assets quickly depleted by the cost of paying for long-term health care. As their child, you'll want to help them protect those assets (and your own inheritance) from being eroded by long-term care costs. One solution to this dilemma might be long-term care insurance (LTCI).

Help is on the way

Generally, LTCI helps pay for the care of an individual who can no longer independently perform the basic activities of daily living, such as bathing, dressing, eating, and toileting, due to a cognitive disorder, illness, or injury. A comprehensive policy will cover skilled, intermediate, and custodial care in a variety of settings, including nursing homes, assisted-living facilities, adult day-care centers, or the insured's own home.

The cost of LTCI policies can vary widely, depending on many factors, including the coverage selected and the age and health of your parents. The younger and healthier they are, the less expensive the insurance will be--but the longer they might pay for it before they really need it.

Who most likely needs the help?

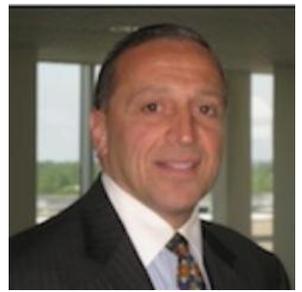


Deciding whether to purchase LTCI will take some careful consideration. LTCI might be right for a parent if at least some of the following criteria apply:

- He or she is between the ages of 40 and 84
- There's a family history of Alzheimer's disease
- He or she has significant assets to preserve as an inheritance or to gift to charity
- He or she has an income from employment or investments in addition to Social Security
- The cost of the premiums will not exceed 5 to 7 percent of your parent's annual income (or yours, if you're paying the premiums)
- He or she is healthy enough to be insurable



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