

PAID ADVERTISEMENT

Is Insurance the Answer to Long Term Care Planning?



Written by Mitchell G. Rubin, CFP®

A recent USA Today article states that there is an increase in seniors living over the age of 90. According to author Haya El Nasser "The number of people living to age 90 and beyond has tripled in the past three decades to almost 2 million and is likely to quadruple by 2050".

Seniors who live longer generally have some sort of disability or need help with some level of everyday living. Sandy Markwood, CEO of the National Association of Area Agencies on Aging, indicates that the focus needs to be on being able to help these seniors live at home as long as possible as nursing home costs continue to rise. Long Term Care at any level, delivered in the home, in an assisted living or in a nursing home can be a significant financial burden for seniors and their families. A semi-private room in a Texas nursing home currently averages \$72,000 per year, according to the MetLife Market October 2011 Market Survey.

Government Programs Only Pay For About 16% Of Long Term Care:

Government programs such as Medicare, Medicaid and the Veterans Administration will cover the cost of long-term care but only under certain conditions. For example, Medicare will cover rehabilitation from a hospital stay or limited care at home if there is a skilled (medical) need. The Veterans Administration will cover the cost of nursing home care indefinitely if the veteran's disability is at least

70% service-connected. The VA will also cover other forms of home-based or community-based care if there is a medical need.

Medicaid will cover both medical and non-medical related long-term care but in order to qualify for Medicaid a person has to have less than \$2,000 in assets and income that is insufficient to pay the cost of care.

Funding Long Term Care with your Life Insurance Policy:

Drawing cash from your life insurance or changing a life insurance policy should only be done after a review with an expert advisor. Loss of the policy and death benefit could prove to be a detriment. If, however you have accumulated cash in a life insurance policy and no longer need the coverage you may consider using the cash value for long term care or for adding a LTC rider to your current policy. Additionally, new insurance products have been developed to cover both life insurance and Long-term Care Insurance.

Long Term Care Insurance Funding for All Long Term Care Needs:

The first Long-term Care policies were offered about 40 years ago. These were primarily nursing home-only policies designed to take over when Medicare rehabilitation ran out. They were not the comprehensive benefit policies we see today.

Long-term Care Insurance policies today are greatly diversified in their coverage. Ranging from home care, nursing home costs, adult day care, physical therapy, skilled and non-skilled nursing care are some of the services covered. These policies vary both in price and what they cover. There are also very restrictive qualifications for physical and mental health to get a policy. Purchasing a policy at a younger age makes it easier to qualify and also provides cheaper premiums. Before choosing a policy, it is best to consult a long-term care insurance specialist about the type of policy that fits your needs and budget.

The saddest cases of Long Term Care needs we hear are:

"Mother can no longer live alone and she has no money to go live in a care facility. I will

have to quit my job to take care of her."

"I promised Dad we would never put him in a nursing home, but neither Medicare nor Medicaid will pay for the care he needs to stay at home. We don't know what to do...paying for care to keep him at home is wrecking our finances. "

"Is there someone that can come help me take care of my wife? We want to stay in our home but I just can't take care of her myself."

It is important to make the necessary arrangements to cover long-term care. Since, there is no government program that will cover all those needs. The National Care Planning Council at www.longtermcarelink.net strives to educate people about long-term care services and encourages the planning that needs to be done to prepare for future costs and needs.



PROWEALTHONE

Custom Retirement Solutions

If you would like information about planning for long-term care call us at (281) 542-4400 or e-mail me directly Mrubin@ProWealthOne.com and we will send you a complimentary copy of "A Shopper's Guide to Long-Term Care Insurance" published by the Texas Department of Insurance. If you would like to discuss how Long-Term Care Insurance Planning might apply to your personal situation call or e-mail to schedule an appointment. Mention this article and we will waive our initial consultation fee.

Securities and Investment Advisory Services offered through NEXT Financial Group, Inc. Member FINRA/SIPC. ProWealthOne is not an affiliate of NEXT Financial Group, Inc., and does not provide tax or legal advice.

Mitchell G. Rubin
CERTIFIED FINANCIAL PLANNER™
ProWealthOne

Office: 281-542-4400
Ext. 101

Direct: 954-234-7033

810 S. Mason Road, Suite 130
Katy, TX 77450

ProWealthOne is an independent financial planning firm.

ProWealthOne is not an affiliate of NEXT Financial Group, Inc.



Listen to Mitchell every Sunday morning from 10-11am as he hosts the Retirement Guys Network on Houston's one and only TALK650 AM.