



LONG TERM CARE INSURANCE

A brief look at LTC coverage and the compelling reasons for it.

With many more Americans living past age 80, the need for long term care is rising, and so is the interest in long term care insurance. Yet, a 2006 AARP study noted that most Americans surveyed were underestimating the rising costs of LTC, and presupposing that government programs would provide adequate assistance.

The different care options. Most people assume LTC insurance pays only for nursing home care, but that is inaccurate. Insurers and healthcare providers commonly define long term care as assistance provided to someone with a condition or illness that limits their ability to perform normal daily activities. LTC insurance can also help pay for rehabilitative care, therapeutic care, and various types of assisted care in the home.

The financial relief. What does one year of care in a nursing home cost? What would you guess? What, \$40-50,000? Think more. A survey conducted by MetLife back in 2004 found that the average annual cost of nursing home care was \$70,080 per year, and that the average cost of a home health aide was \$18/hour. (Costs were cheapest in the South.) Given these costs - rising at approximately 6% per year - insurance and investment professionals urge their clients to look into LTC policies.

Premiums and choices. Your age, the amount of the daily benefit and the length of the deductible (0-180 days) determine your premium. Most LTC policies are indemnity or expense-incurred policies that pay fixed dollar amounts per day, week, or month (often \$50-300 per day). Integrated or pooled-benefit policies allow you to assign percentages of your benefit to pay for different types of LTC services. While benefits are usually inflation-adjusted, LTC insurance policies are not guaranteed to cover all LTC expenses. (Some standard life insurance policies also offer LTC benefits; ask for your insurance agent for the details on your policy.)

What will Medicare do? Not much. Medicare does not pay for standard, custodial nursing home care. Medicare will pay for skilled nursing care or home health care only after you have spent down your existing assets to meet state and federal guidelines.

If you have questions about long term care insurance or face oncoming or immediate long term care issues, be sure to talk with a qualified insurance or investment professional today who can tell you about your options in LTC coverage.

These views are those of the author and should not be construed as investment advice. All information is believed to be from reliable sources; however we make no representation as to its completeness or accuracy. Please consult your Financial Advisor for further information.

Securities and Advisory services offered through NATIONAL PLANNING CORPORATION (NPC), Member FINRA/SIPC, a Registered Investment Advisor. DM Bruce Associates and NPC are separate and unrelated companies.