

The RIGHT Way to Approach Long-Term Care Insurance

Six steps to the safe, affordable protection you need

**By Sheila A. White, RN, MA, CSA, CLTC
Master Long Term Care Specialist**

1. Consider long-term care insurance (LTCI) when still fairly young, as you approach your 50's.

Why? Rates are lower then, and you're more likely to be healthy enough to be insurable. And over your lifetime, premiums payments will be most cost effective. The younger you are the less costly it will be over all; with more years paying at lower premium, pay-in is less than fewer years at higher premiums.

More frequently than ever, carriers are updating rate guides and scaling back benefits due to their reduced investment opportunities in a changing economy, and due to policy holders' increased claims activity due to longer life expectancies.

Plans will never be as comprehensive, or provide as much benefit value for your premium dollar as today. Take advantage of these offers while they are available.

2. Decide if it's for you.

Long-term care insurance isn't for everyone.

DO CONSIDER IT IF --

- Your savings/investments targeted towards retirement approach or exceed \$100,000, or current rate of income and savings are on track to do so.
- Your preference is to remain in your own home, independent ... you don't want to become a concern for those close to you ... and you don't want to risk outliving your savings.

DON'T CONSIDER IT IF --

- You are or expect to be a Medicaid participant.

- You and your family clearly understand the nature and sacrifices of care giving, as well as Medicaid spend down requirements, and are willing to sacrifice independence and savings.

3. Find an independent, impartial expert to advise you.

DON'T work with an advisor who offers LTC policies from only one carrier, or an agent that offers many insurance products, with LTCI policies offered as a sideline.

DO work with someone who specializes ONLY in long-term care insurance, and who represents multiple carriers, so you have a choice.

It pays to find someone who's independent, impartial, specializing in just LTC, and who has experience with underwriting standards for all major carriers. If appropriate in your state, be sure to ask for his or her state partnership credentials, to assure that you are considering all of your options. To get maximum benefit from a specialist, be prepared to provide complete and concise medical profile for realistic health underwriting pre-qualification and the best opportunities.

4. With the expert, design the plan that's right for your situation.

Follow the ABC's of Good Plan Design

- A. Design a plan focusing on home care. More than 70% of the time, those with coverage utilize their benefits at home.** When living at home, customary and anticipated expenses are met with pre-planned income streams (social security, pension, distributions & investment income). It's the unexpected and unplanned that create issues.
- B. Incorporate an age-appropriate cost-of-living adjustment, based on application age so that benefits remain in parity with inflation.** (Note: this is obviously a challenge as well as risk for the carriers in this economic environment. Compare several carriers, as many now offer realistic inflation guards that are also conservative in risk)
- C. Deductibles and benefit limits should take into account your personal situation** – not “one size fits all.”
- D. Consider factors such as single or relationship; budget; family history; health profile.** Make sure your advisor offers you several options for comparison. These may include shared plans, state partnerships, cash or hybrid plans offering cash indemnities (much like a disability payout).

5. Don't over-insure

Working with your expert advisor, be sure you cover home care costs in full, contribute towards potential nursing home expense with ongoing income streams (social security, pension, distributions, etc.) But DON'T pay for benefits you don't really need.

Remember, needing LTC (long term care) is a HIGH probability (3 out of 4 people WILL NEED some LTC services in their lifetime); while needing life insurance is a certainty.

6. Choose the best insurance carrier for the plan you want.

Your experienced, independent, impartial advisor will be especially valuable when it comes to underwriting. Preferred carriers have rigorous health standards and procedures for approvals. "Good health" comes in many shades of grey.

Generally, apply against the most discriminating health standards your personal health profile permits; you want to be in a risk pool with others sharing your characteristics. Better health = better companies = better rates. A specialist is imperative to do the research for you & explain YOUR BEST options.

On the other hand, true "Group Plans," by virtue of the lure of a greater number of applicants, are obliged to make concessions regarding health. This "adverse selection" means premiums tend to be "blended" and not as favorable as those offered to individually underwritten applicants. Many times spousal and preferred health discounts are not offered; fewer, often diluted, benefits are offered at higher cost and with greater likelihood of rate increases. RELY ON YOUR IMPARTIAL EXPERT FOR INVALUABLE ADVICE HERE!

The Bottom Line?

Successful plan design and selection requires –

- an analytical approach,
- an understanding of the expenses anticipated, assuring a proper and prudent selection of benefits,
- a current comparison of underwriting standards among carriers enabling you to determine optimum alternatives to select from.

Work with an independent LTC expert, an experienced & objective professional with:

- access to all major carriers
- state partnership certification
- the ability to listen to and understand your needs
- one who elicits your trust and confidence.

