

Why Should I Get Long-Term Care Insurance?

This much is certain:

- We are living longer
- As we grow older, the need for assistance becomes greater
- Odds are significant that at some point you will need long-term care
- Long-term care is expensive.

What are your options?

Generally, these are the most common choices:

- Do nothing and rely upon government programs such as Medicare or Medicaid
- Traditional Long-Term Care Insurance
- Self-Insure

Let's review each of these options:

- Do nothing and rely upon government programs such as Medicare or Medicaid.
 - Medicare will only cover up to 100 days in a nursing home following a 3 day hospital stay.
 - Medicare paid only 8% of the total national long-term care cost in 2000.*
 - Medicaid qualifications and coverage vary from state to state, but it is usually for those who have little or no personal assets.
 - Medicaid paid 41% of Nursing Home Care and 17.3% of Home Care in 2000.*
 - In general, the cost of Medicaid is poverty.
 - Medicaid deductible = all your assets
 - Medicaid premium = all your income
 - Medicaid has other disadvantages:
 - Loss of options
 - Loss of independence
 - Not portable from state to state

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- Traditional Long-Term Care Insurance
 - Advantages:
 - Transfers financial risk
 - Insures your estate (protects assets)
 - Helps avoid last minute planning
 - Can help keep you out of a nursing home
 - Disadvantages:
 - Expensive
 - Difficult to qualify
- Self-Insure
 - Use current assets
 - Advantages
 - No premiums to pay
 - No underwriting
 - Disadvantages
 - All your assets are exposed to long-term care risk
 - Generally, you can use assets such as these to pay for your long-term care needs:
 - Money market
 - CD

- Retirement funds
- Bonds
- Annuities
- Stocks
- Mutual funds

There is a way to self-insure long-term care so that your money is safe, free from market risk, liquid, grows tax-deferred, and worth three times its value for long-term care needs.