

The Right Way to Approach Long-Term Care Insurance

Six steps to the safe, affordable protection you need

By Paula R. Taylor
Long-Term Care Specialist

1. Consider long-term care insurance (LTCI) when still fairly young.

Why? Rates are lower then and you're more likely to be healthy enough to be insurable. The younger you are the less costly it will be overall; with more years paying at a lower premium. By purchasing at a younger age, the pay-in is less than paying higher premiums over fewer years.

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

3. Work with 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 information so the specialist can recommend the best option for you. The different companies have different health "sweet spots" so you want to select the company that will be most favorable to you.

4. Working with the expert, design the plan that's right for you and 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 discussed several options for comparison. These may include shared plans, cash plans, reimbursement plans, state partnerships, and hybrid plans.

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 probability; 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 profile permits; you want to be in a risk pool with others sharing your characteristics. A specialist is imperative.

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. Always compare a group plan option against other plans. The group plan may not be providing the coverage you need and want. If it seems too good to be true, it probably is. **RELY ON YOUR IMPARTIAL EXPERT FOR INVALUABLE ADVICE HERE!** The final decision as where to apply is always yours, but you want to make an informed decision based on accurate and complete information.

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 a specialist in this area, an independent, objective, seasoned pro with –

- Access to all major carriers
- State partnership certification
- The ability to listen to and understand your needs
- Who elicits your trust and confidence.

Paula R. Taylor

Long-Term Care Specialist

CA Partnership & National Partnership Certified

510-763-5002

Email: paula.taylor@lctfp.net

Web: www.PaulaTaylorLTC.com

