

# The RIGHT Way to Approach Long Term Care Insurance (LTCI)- 6 Steps to Guide you in Planning

By Gabrielle Gelo

## 1. [Consider it when you are fairly young](#)

- ❖ Premiums are lower - you pay more years, but at a lower premium, costing you less over all.
- ❖ It isn't just for old people! - 40% of the 12 million people in LTC today are working age; the average age is just 66 (1)
- ❖ Younger often means healthier - you lock in your good health by applying, and you might even lock in an extra good health discount.
- ❖ Plans will never be as comprehensive or provide as much benefit value for premium dollar as they do today.

1-The Caregiving Project for Older Americans, "Caregiving in America" 2007

## 2. [Determine if it is appropriate for you](#)

- ❖ Insurance may be appropriate if (any or all) 1. You have at least \$75,000 in savings or investments 2. You will retire with a monthly pension 3. You prefer to remain in your home 4. You worry about burdening your spouse or kids. 5. You don't have a spouse or kids 6. You worry about outliving your savings 7. You have non-liquid assets and may depend on the income that they generate 8. You are in good health.
- ❖ Insurance may NOT be appropriate if: 1. You have less than \$75,000 in savings or investments 2. You are in poor health

## 3. [Work with an independent, impartial expert](#)

- ❖ It can be difficult to medically qualify - an independent agent specializing in LTC will have a selection of carriers. Generally you want to be with the carrier with the most discriminating health standard that your profile permits; a Specialist will research and guide you.
- ❖ Carriers have unique features - an independent agent specializing in LTC can match you up with the carrier best suited to your needs.
- ❖ There is a lot to know - independent LTC Specialists wear only one hat, and keep up with this quickly evolving market.
- ❖ You will need an advocate - Claim time can be emotionally draining, a Specialist has the expertise to ease your load.

- ❖ There is no additional cost for an expert - everyone quotes from the same software
- ❖ YOUR TIME IS VALUABLE - why meet with multiple individuals who are financially motivated to push one carrier?

#### 4. Proper Plan Design -

- ❖ Don't cookie cutter your plan - You have a unique financial and family situation - design a plan that fits your needs
- ❖ Focus on home care - more than 70% of claims are for home care. If you've planned well for retirement then your fixed retirement income should be adequate for maintaining your lifestyle while living in your home, but unplanned LTC expenses could jeopardize this.
- ❖ Consider inflation adjustment - the cost of care will rise, so should your benefits.
- ❖ Consider your family history - a Specialist will have national statistics to guide you if you don't have your own family statistics to use in determining appropriate levels of benefits.

#### 5. Don't overinsure

- ❖ Trade a catastrophic risk in for a budgetable one - determine the financial risk that would be catastrophic to your goals and to your family and transfer this part over to the insurance company.

#### 6. Keep the premiums comfortable

- ❖ Any level of benefit will be helpful
- ❖ Premiums shouldn't create undue financial stress - if you have to give up your daily Starbucks, no problem, but if you have to modify your food budget to pay your premium, you have too much benefit. Work with your Specialist to make it more comfortable.



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