

Guide To Long-Term Care Insurance





What Is Long-Term Care?

Long-Term Care (LTC) goes beyond medical care to include all the assistance you need if you ever have a chronic illness¹ or disability that leaves you unable to care for yourself for an extended period of time (longer than 90 days).

While older people generally require the most long-term care services, a young or middle-aged person who has suffered a debilitating illness or accident may also require care.

The greatest gift of long-term care insurance is that it allows loved ones to supervise your care rather than have to provide it themselves.



You may require long-term care due to:

- Dementia/Alzheimer's
- Stroke
- Complications with diabetes
- Other chronic conditions

1. You're considered chronically ill if it's expected that you'll be unable to do at least two activities of daily living without substantial assistance from another person for at least 90 days. Another way you may be considered chronically ill is if you need substantial supervision to protect your health and safety because you have a cognitive impairment.



Where can you receive care?

- At home
 - Assisted living facilities
 - Community facilities offering services
 - Skilled nursing facilities
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What Is Your Plan Should You Need Care?

By allocating nothing for long-term care, you could be risking your retirement assets. With the help of your family and your financial professional, you can create a written plan that ensures care for yourself today and in the future. Things you should consider:

- **Who would you want to care for you?**
Your children, your spouse, a qualified professional? How would this affect the lives of your loved ones?
- **Where would you like to receive care?**
Your home, an assisted living facility, a community center, a nursing facility, your child's home?
- **How will you pay for your care?**
With your own assets? If so, which asset would you use first? Are they in taxable accounts? Are the assets liquid? Would you use a long-term care insurance policy?

It's important to have a clearly written plan so there's no confusion if you need long-term care. Sit down with your family and financial professional and write out your plan today.

Why is planning important?

The need for long-term care puts an enormous emotional and physical strain on your loved ones and family members. By planning ahead, you can help reduce their burden. Also, as you age, your health may change, which could make it difficult to get coverage. That's why it's important to start planning now while you have the most options.

Would private healthcare insurance, Medicare, or Medicaid cover these costs?

Healthcare insurance, including Medicare, pays for skilled or rehabilitative services only, and it doesn't cover custodial care. Medicare may cover a portion of the first 100 days of care received at a nursing facility if specific program requirements are met. After the first 100 days, you'll have to cover your own costs.

Medicaid is the joint federal and state welfare program for those with low incomes and limited financial resources. Eligibility restrictions, such as gifting money to loved ones, transferring assets into trusts, and creating promissory notes, make it increasingly difficult to qualify for this program.

Funding your long-term care plan

Traditional LTC insurance: These policies offer flexibility in benefits to help you design a plan that addresses your specific needs. It also may limit out-of-pocket expenses. Good health and partner discounts help reduce the cost of these premiums. Traditional LTC insurance policies may qualify for your state's Partnership Program, which means that every dollar in benefits paid from a long-term care policy will allow you to protect a dollar of your assets should you ever need to qualify for Medicaid. Please consult with your financial professional on how the Partnership Program may benefit you. Traditional LTC products are typically paid via annual premiums, which are not guaranteed to stay level. Carriers can increase premiums with state approval.

Life insurance with LTC riders: Many insurance carriers are now offering a long-term care rider that acts as an added benefit to a permanent life insurance product. This type of policy is advantageous for those clients who are primarily looking for life insurance because it actually secures two forms of insurance in one package. Long-term care riders come at a cost and allow you to use a percentage of your death benefit should you require long-term care instead.

Combination products with long-term care benefits: These products, also known as hybrids or linked-benefit products, may be an appropriate option for those looking for LTC coverage that includes guaranteed premiums as well as a refund of premium (death benefit) to a beneficiary if long-term care is not needed. They offer a simplified underwriting process using either a life insurance or annuity policy to create a tax-free LTC benefit. Most can be paid in either a single or ongoing premium and in some cases, up to age 100. In the event you do not require long-term care, a beneficiary of your choice receives the proceeds; an income-tax-free life insurance death benefit or taxable annuity proceeds. Such products may also offer return of premium (if the policy is canceled/surrendered) as well as inflation protection (to help keep up with rising expenses) at an additional cost. Note that the surrender amount is adjusted for benefits paid as well as loans/withdrawals taken and may have tax implications.

The Caregivers

Financial Burden²

Nearly half of caregivers report having out-of-pocket financial impact as a result of caregiving.

\$7,242 average annual family caregiver spend

22% used up short term savings

12% went through all their long term savings

Time Commitment²

37 hours/week

Family caregivers who live with their senior relative spend an average of 37 hours a week on care giving duties. People who don't live with their relatives spend an average of 24 hours a week on care giving duties.

Health Impact

More than 56% of caregivers find it difficult to care for their own mental health

40% state emotional stress as their biggest challenge.¹

48% of all caregivers who provide help to older adults do so for someone with Alzheimer's or another dementia.³

53% of caregivers have been diagnosed with two or more chronic conditions.²

1. Raimondi, Alessandra. A Look At U.S. Caregivers' Mental Health. Washington, DC: AARP Research, August 2023.

2. "Caregiver Statistics: A Data Portrait of Family Caregiving," Claire Samuels, aplaceformom.com (Dec. 2, 2022).

3. Alzheimer's Facts and Figures 2023, Alzheimer's Association



The nation's long-term care insurers paid out \$14.1 billion in claims in 2023 – a \$850 million increase from 2022.

American Association for Long-Term Care Insurance Report, January 2024, www.aaltci.org

What Are The Next Steps?



Have a conversation with your family about your objectives.



Speak with your financial professional.



Create a written plan of care.



Find out what coverage costs in your area.



See if you can medically qualify for insurance coverage.



Educational Resources Available To You

- **LongTermCare.gov:**
[longtermcare.gov](https://www.longtermcare.gov)
- **Long-Term Care Insurance 101:**
lifehappens.org/insurance-overview/long-term-care-insurance/
- **Long-Term Care:**
kiplinger.com/fronts/special-report/long-term-care-insurance/
- **A Shopper's Guide to Long-Term Care Insurance:**
content.naic.org/sites/default/files/publication-ltc-lp-shoppers-guide-long-term.pdf
- **Cost of Care Survey:**
genworth.com/costofcare

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The cost and availability of life insurance depends on many factors, such as age, health, and the amount of insurance purchased. In addition to premiums, there are contract limitations, fees, exclusions, reductions of benefits, and charges associated with policy. And if a policy is surrendered prematurely, there may be surrender charges and income tax implications.

Riders are additional guarantee options that are available to an annuity or life insurance contract holder. While some riders are part of an existing contract, many others may carry additional fees, charges, and policy holder should review their contract carefully before purchasing.

Any guarantees are contingent upon the claims-paying ability of the issuing company.



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