

## Long Term Care Insurance Considerations

Long Term Care Insurance is not appropriate for everyone. A consultation with a Long Term Care Insurance Specialist can help you quickly determine if it is the appropriate option for you. There are a number of things to consider when looking at Long Term Care Insurance. These would include:

- The Should and Should Nots of Buying
- 6 Good Reasons for Long Term Care Insurance
- Myths versus Realities of Long Term Care
- Do You Even Qualify?
- Cost of a Policy
- Cost of Waiting
- Tax Benefits

### Is Long Term Care Insurance appropriate for you?

Possibly, but it really depends on your specific circumstances. A long term care specialist is trained to help you determine what your needs and requirements are for long term care. It can help give you a sense of security that you have a plan in place and the resources available to pay for quality care in the place you want to be. Long term care insurance is NOT right for everyone. Working with the right long term care specialist can help you determine if it's right for you.

### You **SHOULD** consider buying long-term care insurance if...

- You are concerned about protecting your assets and income.
- The premiums will not affect your current lifestyle.
- You want to maintain independence and not have to rely on family or friends for care.
- You want to have the ability to choose where you receive your care.

### You should **NOT** consider buying long-term care insurance if...

- You are currently eligible or will shortly be eligible for Medicaid (not Medicare) benefits.
- You do not have significant assets to protect and it would affect your lifestyle to pay premiums from your income.

### You should consider the following items before considering the details of a Long Term Care Insurance policy.

- The policy should be customized to your specific personal and financial needs. It should not be a generic standard plan.
- The premiums should be affordable.

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## 6 Good Reasons For Considering Long Term Care Insurance

Most people consider Long Term Care Insurance for one of the following reasons:

[Don't Want to Rely on Family](#) - People are very concerned that if their health failed they could need to rely on their spouse or family members. The impact to the family can be physical, emotional, and financial.

[Access to Quality Care](#) - People want to be able to make choices. They want to receive care in their own homes or an assisted care facility much more so than in a nursing home. If they *must* go to a nursing home, people realize that accessing the best nursing homes usually requires paying for it privately or through an insurance policy.

[Asset Protection](#) - Most people want their hard-earned assets to pass on to their families or charity rather than spending those assets on long-term care.

[Control and Independence](#) - To most people, their money can assure their financial independence. My grandmother, Aline Pfefferle used to say, "*Don't outlive your money. When your money is gone, you do what others tell you to do.*" Long Term Care Insurance can represent choice and control over one's own life rather than relinquishing it to others.

[Aversion to Welfare](#) - Welfare represents a stigma to many people. The idea of "spending down" assets in order to qualify for Medicaid is unacceptable to many people. Some people don't want to be dependent on the government for care or aren't positive the government will be able to provide for their care in 20-30 years.

[Sense of Security](#) - Some people have difficulty explaining the exact reason why they purchase Long Term Care Insurance. The decision to purchase a Long Term Care policy comes not from an analytical, cost-benefit decision, but rather from the intangible desire to have a sense of security. Being able to go to bed at night knowing one is protected, instead of worrying about what to do if something happens, is a feeling many people desire.

## Myths Versus Realities of Long Term Care

**Myth:** I don't need to worry about long term care because my spouse and/or children will take care of me.

**Reality:** In past generations, it was more commonly expected that a son or daughter would care for their parents when they needed care. A Major change seems to be occurring with respect to society's view of family responsibility: fewer people expect their loved ones to bear the burden of their care.

Less than 6% of boomers believe that their spouse or partner should be responsible for taking care of their long term care needs. More than 1/2 of those surveyed under age 40 believe that their children should play only a minimal role in providing care, and less than 1% of baby boomers believe that their children should play a major role. *GE Center for Financial Learning, the STAT Survey ("Secure Tomorrow's Autonomy Today". 2003.*

Some other things to think about if you expect your family to care for you are:

- Would one of you have to move to live close enough to provide care? Which one of you will it be?
- What is the impact on your children's children?

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- Will one of your children have to quit or reduce the hours they work on their job to care for you?
- Do your children have the skills necessary to take care of you?

**Myth: Long term care insurance is too expensive.**

**Reality:** Few younger and mid-life adults accurately understand the cost of purchasing long term care insurance. Only 25% of baby boomers answering the STAT (“Secure Tomorrow’s Autonomy Today”, GE Center for Financial Learning, 2003) survey accurately estimated the cost of long term care insurance, while nearly 75% of all survey respondents overestimated the current cost of long term care insurance premiums by as much as 300%.

In the fields of transportation, communications, utilities, finance, real estate, and government, about ¾ of employees 40 and older can afford a three-year long-term care policy offering comprehensive coverage with inflation protection (73-79%). *“Passing the Trust to Private Long-term Care Insurance.” January 2003. p. 10. American Council of Life Insurers.*

**Myth: I have long term care benefits in my work benefits package.**

**Reality:** Long term care insurance is a relatively new benefit that is made available to employees. Do not mistake your health insurance or long term disability insurance for long term care insurance. Typically those benefits are only available to employees while they are employed. When you leave, those benefits stop. What we at AM Warner Insurance have found in comparing long-term care insurance available through an employee group plan and a plan available through an independent insurance company is that people can obtain coverage they are more comfortable with through an independent insurance company. We welcome the opportunity to perform an objective comparison for you.

Many of the baby boomers over age 55 mistakenly believe they are adequately covered for long term care expenses through their workplace benefits packages. However, their health insurance plans may only cover very limited long-term care expenses. As a result, many boomers unknowingly face the risk of having their accumulated assets depleted by long-term health expenses that follow an unexpected event in their lives. *Conning’s Industry Insight, Long Term Care Insurance, Issue #4. June 2002.*

**Do You Even Qualify?**

We all tend to take our health for granted. Everyone tends to be in good health until they go to the doctor and find out something is wrong. Accidents can happen to anyone at anytime leaving you completely and permanently disabled. Ask anyone you know who found out they had cancer or had a stroke how they felt the day before it happened. Chances are they felt perfectly fine and didn’t thing there was a thing wrong with them. Things can change in a blink of an eye. Ask yourself how you would feel if you had a change in your health that made it impossible to get Long Term Care Insurance regardless of any premium you would be willing to pay?

Your health does not have to be perfect to purchase long term care insurance; however, there are certain health conditions and combinations of health conditions that can cause you to be uninsurable.

**Sample of Uninsurable Conditions:** Alzheimer’s Disease, Parkinson’s, Multiple Sclerosis, Dementia, Stroke, Cirrhosis of the Liver, Congestive Heart Failure, Diabetes with complications, AIDS, current limitations with activities of daily living, use of walker,

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wheelchair or quad cane, Muscular Dystrophy, oxygen use, severe arthritis limiting activities

The younger you are the better chance you have of being eligible for long-term care insurance. Applying at a younger age in good health may even qualify you for a health discount. Conditions such as depression, joint replacement surgery, high blood pressure medicine, diabetes medicine, arthritis and smoking can keep you from being eligible for a health discount. It is important to consider long term care insurance at the youngest age you can afford to put it in place. What we find at AM Warner Insurance is that your health does not typically get better as you age. Many of our younger clients feel that their health could change at any time and that is why they considered long term care insurance.

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