

Why do I need to PLAN?

Answer: We are ALL going to grow old and stats show that we need to prepare for the inevitable.

Why Should You Buy Long-Term Care Insurance?

1. It will help you keep your independence and dignity. Here's how. . . some of you will spend all your assets on care while others plan to give their money away or put it in trust. With no assets you will now qualify for a welfare program called Medicaid. Medicaid typically pays for a semiprivate room in a nursing home, and; not all nursing homes take Medicaid patients. In many states it's not easy to get Medicaid to cover home care or pay for assisted living. Many people want to stay at home, but with Medicaid may not be able to. And assisted living is rapidly becoming a preferred alternative to nursing home care for certain disabilities but Medicaid may insist on a nursing home instead.

A nursing home is not the most desirable place to finish out one's life. For many, a terminal stay in a nursing facility robs them of a purpose in life and strips away their dignity. As an example, have you ever thought of the indignity of being bathed, toiletted or diapered in a nursing home environment? No wonder many people express the desire to die before ever having to go into a nursing home.

For some conditions a nursing home is the only alternative, but for many long-term care patients there are more options than nursing homes. A good long term-care insurance policy covers those options and when all else fails, it pays for nursing homes too.

2. If you are married and you have a need for long-term care, your spouse may be forced to pay for an outside care giver. The cost is likely to come from your combined income and assets. If the need for paid care drags on too long, your spouse may be left with minimal cash assets for future needs. Insurance solves this problem and allows your spouse to keep the assets.

3. Many healthy care-giving spouses won't spend their money and choose to "tough it out" on their own without help. If care of a disabled spouse drags on too long, this can have a devastating effect on the physical and emotion health of the caregiver. Surveys reveal that even though healthy caregivers often don't

spend their money for help, they will use insurance if available. Insurance allows the healthy caregiver to buy much-needed respite from paid professionals, while at the same time, retaining the assets and possibly avoiding an early death from the mental and physical stress of caregiving.

4. If your children or extended family promise to take care of you when the time comes, insurance will help them do that. Probably you nor your children have thought of the prospects of moving you from place to place, changing your dirty diapers, cleaning up after "accidents" in the bathroom or helping you with bathing and dressing. Insurance will pay for aides to help with these tasks.

5. If you are single and a need for long-term care arises, insurance can pay for and coordinate that care. With insurance you won't have to feel you would be a burden for family or friends.

6. If you have the desire to leave assets behind when you die, insurance will help preserve those assets from the cost of long term care.

Why Not Buy This Insurance When You're Older?

1. Don't forget that 43% of those needing long term care are under age 65. You may need it now.

2. To get long term care insurance you must answer questions relating to your health. If you wait, you may develop a condition that would prevent you from obtaining coverage.

3. The cost of coverage increases with age. For younger ages you can get a rate that is relatively inexpensive. At older ages the rate becomes very expensive.

4. It costs less, over time, buying now than buying equivalent coverage in the future. The 20 year total cost of buying now is less than the 19 year total cost of buying next year, or the 18 year cost of the next year, and so on.

Why Not Invest the Premiums Instead of Buying Insurance?

The invested amount of premiums over 20 years, may be only 5% to 12% of the potential insurance benefit. A 6 year insurance benefit may only yield ½ year of long term care if the premiums are invested instead. Besides, if you invested premiums, where would the money come from if you needed long term care next year or even 5 or 10 years from now? The saved premium account wouldn't have time to grow.

Why Waste Money on Insurance if You Have Assets to Cover the Cost Directly?

The same question could be asked of auto, home owner's or medical insurance. Why not self-insure there as well? You could just as easily pay your medical bills from your pocket. Or pay for damage to your cars and loss of your home out-of-pocket and possibly save a lot of money over time? No matter what the risk, the total cost of premiums over a long period is usually a fraction of the cost of paying a claim from your own pocket. The purpose we buy insurance is to preserve assets by leveraging premiums to buy a benefit at pennies on the dollar instead of paying dollar-for-dollar out-of-pocket for a loss. The probability of a house fire is 1 in 1200, of having a major auto accident is 1 in 240 and of needing long term care is 1 in 2 . With a much higher probability doesn't long term care insurance make as much sense as buying those other coverages?

Why Don't You Get Your Money Back if You Don't Use the Insurance?

This question always begs the underlying reason for it's being asked. In essence the person with this concern is thinking, "it won't happen to me, so it's a waste of money". To play to this objection, many carriers design policies with cash values, life insurance death benefits or return of premium at death. But these features increase premium cost and sometimes make coverage unaffordable. The same question could be asked of all insurance. Why don't we get a refund with term life, health, disability, commercial lines, auto, or homeowners insurance? People seem to take it in stride, paying \$80,000 for auto insurance or \$20,000 for homeowners insurance over their lifetime. Then when they make a claim, if they ever do, they get their coverage canceled or more likely their rates are increased to cover the cost of the claim. Yet, out of denial or ignorance they can't see why they should pay \$40,000 over their lifetime for long-term care insurance where the probability for a claim is higher and the risk of loss is 4 to 10 times higher than the risk of loss with a car or home.