



Vivian P. Gallo, CLU, CSA, AEP, CLTC
Long Term Care Planning Specialist
Tel: 914-472-2223
www.ChoicesForLongTermCare.com
email:Info@ChoicesForLTCl.com

LTC Update

Is Insurance the Answer to Long Term Care Planning?

*Presented By: Vivian P. Gallo, CLU, CSA, AEP, CLTC**

A recent USA Today article states that there is an increase in seniors living over the age of 90. According to author Haya El Nasser “The number of people living to age 90 and beyond has tripled in the past three decades to almost 2 million and is likely to quadruple by 2050”.

Seniors who live longer generally have some sort of disability or need help at some level of living. Sandy Markwood, CEO of the National Association of Area Agencies on Aging, indicates that the focus needs to be on being able to help these seniors live at home as long as possible as nursing home cost could rise to average \$72,000 a year.

Long Term Care at any level, in the home, assisted living or nursing home can add a tremendous cost to seniors and their families.

Government Programs Only Pay For About 16% Of Long Term Care

Government programs such as Medicare, Medicaid and the Veterans Administration will cover the cost of long-term care under certain conditions. Medicare will cover rehabilitation from a hospital stay or limited care at home if there is a skilled (medical) need. The Veterans Administration will cover the cost of nursing home care indefinitely if the veteran is at least 70% service-connected disabled. The VA will also cover other forms of home-based or community-based care if there is a medical need.

Medicaid will cover both medical and non-medical related long-term care but in order to qualify for Medicaid a person has to have less than \$2,000 in assets (in most states) and income that is insufficient to pay the cost of care.

Funding Long Term Care with your Life Insurance Policy

Drawing cash from life insurance or changing a life insurance policy should only be done after reviewing with an expert advisor. Loss of the policy and death benefit could prove to be a detriment. If, however you have accumulated cash in a life insurance policy and no longer need the coverage you may consider using the cash for long term care or purchasing a LTC rider to your current policy.

New insurance products are being developed to cover both life insurance and long term care insurance. ElderLawAnswers reports:

Fall 2012

“A new law makes the purchase of products that combine annuities or insurance policies with long-term care insurance more attractive. These "hybrid" products are gaining in popularity due to a law that went into effect January 1, 2010, making distributions from life insurance and annuities tax-free when used to pay for long-term care. The same law also allows owners of annuities or life insurance policies to exchange their old policies for long-term care insurance or hybrid policies without being taxed.”

Combination sales which include life insurance, annuities and traditional long-term care coverage are becoming popular with insurance companies and may prove a method of financing long term care. Investigate closely, however to find what exactly will be covered. Some policies do not cover home care costs or complete costs of nursing homes.

Long Term Care Insurance Funding for All Long Term Care Needs

The first long-term care policies were offered about 40 years ago. These were primarily nursing home-only policies designed to take over when Medicare rehabilitation ran out. They were not the comprehensive benefit policies we see today.

Long Term Care Insurance policies today are greatly diversified in their coverage. Home care, nursing home costs, adult day care, physical therapy, skilled and non-skilled nursing care are some of the services covered. Policies vary in price and what they cover. There is also a very restricted qualification of physical and mental health to get a policy. Purchasing a policy at a younger age makes it easier to qualify and also provides cheaper premiums. It is best to consult with a long term care insurance professional about the type of policy that fits your needs and budget.

Veterans Aid and Attendance Pension Benefit

Though not an insurance policy, the VA Pension Benefit should be mentioned as a way to pay for long term care needs. A veteran or spouse of a veteran who served during a period of war can receive money, up to \$2,019 a month, to pay for long term care medical expenses, home health care, and assisted living cost. A qualified Veteran Consultant can help you determine if you qualify for this benefit.

Pre-Need Burial Insurance

One might ask what Pre-need burial insurance has to do with long term care. The purpose of preneed life insurance is to set aside funds for your funeral, before the need arises.

It is an insurance policy that covers the cost of the predetermined expenses of a funeral, cremation or burial. It gives the purchaser the opportunity to preplan the services and peace of mind in having it paid for. This is usually an insurance policy that pays at time of death for these expenses. There are many insurance companies that offer these packages as well as funeral homes.

The saddest cases of long term care needs we hear are:

“Mother can no longer live alone and she has no money to go live in a care facility.”

“Is there someone that can come help me take care of my wife? We live on our Social Security and I cannot pay what home care costs.”

Fall 2012

“Father died last night and we have no money to bury him, what do we do?”

It is important to make the necessary arrangements to cover long term care and end of life costs. There is no government program that will cover all those needs. The National Care Planning Council at www.longtermcarelink.net strives to educate people about long term care services and encourages the planning that needs to be done to prepare for future costs and needs.

* Vivian P. Gallo is a CLU (Chartered Life Underwriter), Certified Senior Advisor (CSA), and Accredited Estate Planner, (AEP) and has Certification in Long-Term Care (CLTC). She is a long term care planning specialist. She is not a tax consultant or attorney, however, and cannot provide tax or legal advice. Please consult your accountant, tax preparer or attorney on all tax planning and legal matters.

Long-term-care insurance can make the difference between living out your life the way you want and becoming a burden to your family or a ward of the state.