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LTC Update

How to Successfully Plan Your Legacy

*By Vivian P. Gallo, CLU, CSA, AEP**

Over the past 30 years, medical and pharmaceutical advancements have increased Boomers' longevity by decades -- far beyond that of our parents. In addition, many Boomers married and had families at much later ages than their parents, thus creating what is frequently referred to as the "sandwich generation." As a result, boomers now face the responsibility of not only taking care of their own growing children, but simultaneously seeing to the extended needs of aging and frail parents -- all of this against the backdrop of a seriously compromised Medicare, Medicaid, and Social Security system.

It's not surprising, then, that one of the biggest fears of today's Boomers is outliving their wealth.

Today's generation sees their parents setting goals for early and significantly longer years of retirement than was the case with prior generations. Financial planning to accumulate wealth coupled with estate planning to preserve and support that wealth through what are now decades of retirement requires a different strategy.

Although most people think of long term care as an issue that only concerns the elderly, approximately 40% of long term care services are provided to people between the ages of 18 and 65. And with health care costs constantly increasing, it's never too soon to purchase long term care insurance.

Changes in the health care system, tax and Medicaid legislation, such as the Deficit Reduction Act of February of 2006, have significantly impacted our Estate planning needs. Despite what many Americans would like to think, Medicare and Medicaid do not provide a safety net for long term care.

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These days it's even more essential that we become proactive about planning for our extended futures. All of us should create a Will, establish a health care proxy and specify guardianship arrangements if we have children. Although the majority of insurance needs people face have not changed much over the years, the rising costs of living along with the increasing trend toward two-income families have made this insurance even more essential. Today, for instance, both life insurance and long term disability are needed by both wage earners to provide for the loss of crucial dual income in case of the death or disability of one partner or spouse. And given the increasing costs of health care, hospitalization and medical coverage is no longer optional -- it's a must. All of these changes have contributed to the need for early and ongoing updates in both financial and estate planning.

Long Term Care Insurance planning includes budgeting for the cost of the policy throughout our retirement years to provide the safety net that can preserve our dignity, our quality of life, and the retirement savings we've earmarked as our family's legacy. The sooner we put a plan in place, the more likely it is that our "good" health status will qualify us for coverage -- and possibly at discounted preferred health rates.

Understandably, many people have great difficulty facing and discussing the issue of long term care, not to mention the financial costs involved for the rest of their lives. And yet, with increasing frequency we are seeing more and more articles urging financial and estate planners to recommend long term care insurance (LTCI) protection to their clients. Some even encourage the use of LTCI specialists.

In today's world, financial, tax, estate and long term care planning are all integrated. No one specialist can provide all the expertise needed to put and keep all our affairs in order as our needs and the laws constantly change. Therefore, to reach our retirement and estate planning goals these days, we must become proactive about seeking wise and well-informed counsel to help us plan our estates and protect ourselves and our families -- a goal that can best be accomplished by a cohesive group of professionals working together.

Remember: *In today's world nothing is static, and as changes occur in our lives, we need to be informed about those changes in a reliable and timely manner to make sure our financial and estate plans continue to meet our individual and family needs.*

Vivian P. Gallo is a CLU (Chartered Life Underwriter), Certified Senior Advisor (CSA), and Accredited Estate Planner (AEP), specializing in long-term care insurance. 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.

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