

# GUIDE TO LONG-TERM CARE INSURANCE

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The greatest gift of long-term care insurance is that it allows loved ones to *supervise* your care and not have to *provide* your care.

### **What Is Long-Term Care?**

Long-term care (LTC) goes beyond medical care to include all the assistance you could need if you ever have a chronic illness 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.

You may require long-term care due to:

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

## Where Can You Receive Care?

- At home
- Assisted living facility
- Community facilities offering services
- Skilled nursing facility

## What Is Your Plan Should You Need Care?

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

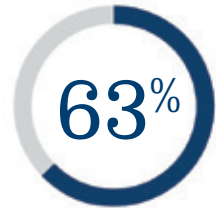
- **Who would you want to care for you?** Your children, your spouse, a qualified professional? How would this affect the lives of your loved ones?
- **Where would you like to receive the care?** Your home, an assisted living facility, a community center, a nursing facility, your child's home?
- **How 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.

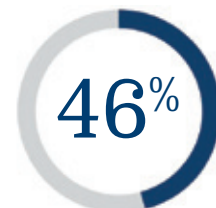
## The Caregivers



Seventy percent of care recipients have only family to rely on.



Sixty-three percent of caregivers pay for care with their own savings or retirement funds.



Forty-six percent of caregivers said the long-term care event negatively affected their health and well-being.

Genworth, Beyond Dollars Survey 2018.



Nearly 65% of those whose loved ones did not have long-term care insurance felt those loved ones would have benefited from it.

Genworth, Beyond Dollars Survey, 2018

### 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 this 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 states' 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 they're actually securing 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 to self-insure. They offer a simplified underwriting process using either a life insurance or annuity policy to create the tax-free LTC benefit. Most can be paid in either a single or ongoing premium, sometimes up to 10 years. 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 include a return of premium provision, perhaps at an added cost, that returns some or all of the premiums paid if the policy is canceled. At any time, you can request a return of premium upon full surrender of the policy. The amount received will be adjusted for the length of time the policy was in force as well as any benefits paid or loans/withdrawals made. Note that surrender of the policy may have tax implications.

The nation's long-term care insurance industry will pay out over \$100 billion in claim benefits over the next decade.

AALTCI.org 2018



## WHAT ARE THE NEXT STEPS?

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- 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:**

**Medicare:** [www.medicare.gov](http://www.medicare.gov)

**Cost of Care Survey:** [www.genworth.com/CostofCare](http://www.genworth.com/CostofCare)

**Guide to LTC:** [www.guidetolongtermcare.com](http://www.guidetolongtermcare.com)

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial professional prior to investing.

The cost and availability of life insurance depend on many factors such as age, health, and 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 restrictions, and the 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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