

Insurance Made Simple

A guide to Long Term Care Insurance



Be prepared for whatever life brings.

While we all strive to be vibrant well into our golden years, increasing life expectancy makes it more likely that we will need some assistance as we age. Research shows that one in five Americans over the age of 50 is at risk of needing long term care in the next 12 months and is projected to grow. Such an expense, when faced unexpectedly, could devastate your long term financial security.

Who needs Long Term Care (LTC) insurance?

If you have assets and income to protect and can afford the premiums and any possible increases without financial hardship, then long term care insurance may be right for you. It's also important if you want to remain independent and have a say in where you receive your care.

Ways to provide for LTC:

1. Self fund
2. Self fund + buy basic short benefit period LTC insurance
3. Self fund + buy LTC insurance with a long elimination period
4. Buy LTC insurance to cover most or all of your LTC costs
5. Buy a life insurance policy that allows pre-payment of the death benefit if you need long term care services

The younger you start, the better.

When you apply for LTC insurance at a younger age, you'll see significantly lower premiums. Some companies even offer policies with options that allow your policy to be paid-up in 10 years or by age 65.

LTC 101.

Once you and your financial advisor decide LTC insurance is right for you, there are four important elements to consider:

- 1. The Elimination Period.** This is sometimes called the deductible or waiting period. Elimination periods are typically 30, 90, 180 or 365 days. During this time you might need to rely on others for care while you're waiting for benefits to begin. The longer the elimination period, the lower the premiums.
- 2. The Benefit Amount.** This is the maximum benefit paid by your policy on a daily or monthly basis and is based upon the total policy dollar amount. If you don't use the entire benefit amount available, the benefit period extends so you can collect benefits longer than the original period. We can help you determine how much benefit you'll need by providing you with a current cost of nursing care in your city. We recommend that you choose a policy where the benefit is 100% of home health care in addition to nursing home care. Keep in mind, lower benefits mean lower premiums.

3. The Benefit Period. This is the number of years you can receive benefits. The average stay in a nursing home is currently three to four years. The Benefit Period is typically 3, 4, 5, 6, or 10 years, or an entire lifetime. The shorter the benefit period, the lower the premium.

4. The Inflation Option. This offers protection from rising long term care costs by keeping pace with inflation. History has shown that the cost of nursing home or home health care has continued to increase at a steady rate, making the inflation option even more valuable. While this option varies among insurance companies, it is usually based upon automatic Compound Interest or Simple Interest calculations. With some policies, opportunities to increase your coverage are offered annually. While the most expensive option to purchase, the Compound Inflation Option offers the highest level of protection from skyrocketing long term care costs.

Enhance your LTC coverage with policy options.

These include the ability to share your partner's benefits if yours are exhausted. Another gives your heirs the amount of premiums paid if you never file an LTC insurance claim. Yet another allows you to restore your full benefits if you recover after a claim has already been paid. You can also choose an option that allows you to keep a reduced benefit policy if you stop paying premiums. Options are as varied as the carriers who offer them. The more options added, the higher your premiums.

Perhaps the best option is a Partner Discount offered by some carriers in some states. This provides discounts whether or not your partner applies, and is available to both married couples and non-traditional couples.

We shop around before you buy.

At Low Load Insurance Services, Inc., we always provide quotes from several companies to offer you the best coverage for your age and health, and with the benefits and features you've selected. We only obtain quotes from financially sound companies that have been in the LTC insurance business for more than 15 years. We'll provide you with a company's financial ratings upon request.

Make a long term commitment.

To learn more, visit us online at www.llis.com or call us toll free at 877-254-4429. Our insurance professionals are available to answer any questions you have, either by phone or online, any time. Together, we can help you protect your assets and your future.

Confidentiality is paramount. All information obtained during the underwriting process is strictly confidential. This information will be used solely to determine your eligibility for the insurance applied for, and will not be released to any other party without your permission.

