

## Why You Should Talk With us About Long Term Care Insurance

Medical science is doing a great job of keeping us all alive much longer than in years past. However, in our later years many of us require help with the normal activities of daily living. We may have adult children or others who are willing to help out, but they have their own lives to live, so many seniors are reluctant to call on them for help.

Many seniors require nursing home care, in-home care, or senior day care. These costs can easily run \$6,000 per month or more. Then there's medical equipment that may be needed in the home.

Now for the bad news – Medicare will cover a portion of nursing home care and medical equipment, but NONE of the other items.

Let's say you have to go into an assisted living facility for 3 years. The tab for that can easily amount to over \$200,000. Without Long Term Care insurance, those costs would have to be paid out of your retirement savings.

The good news is that there are many types of Long Term Care insurance available today:

- some provide for a refund of your premiums under certain circumstances
- some have guaranteed, fixed premiums while others have lower premiums that are subject to possible future increase.
- almost all LTC policies offer an optional inflation-adjusted benefit amount.

We can help you determine if you need LTC coverage and we can help you find the product that is right for you!

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## You Can Get Too Much of a Good Thing

Buying a traditional LTC policy is different than other types of insurance in one important respect. To illustrate, let's contrast traditional LTC insurance with life insurance.

Suppose you really need to buy \$500,000 of life insurance, but just to be on the safe side you actually purchase a policy with a \$750,000 death benefit. It will cost you roughly 50% more, but you feel it will give you increased peace of mind. When you die, the insurer is going to pay your beneficiary \$750,000 even though they only need \$500,000. No doubt they will find something fun to spend that \$250,000 on, but at least you got what you paid for.

On the other hand, let's say that the cost of care in an Assisted Living facility in your area is \$4,000 per month, but just to be on the safe side you buy a LTC policy with a \$6,000 monthly benefit for such care. In the event that you actually need Assisted Living care the policy will pay the lesser of the actual charges you incur or the \$6,000 policy limit. So it is possible that you will have bought extra coverage that you may never actually be able to use. Incidentally, if you've had a LTC policy for a number of years and that policy has an inflation adjustment feature, you may now have far more coverage than you need -- in such cases it may be advisable to ask the company for a reduction in your policy benefits, which will also reduce your premium payments.

At Hezzelwood Insurance Services we advise our clients to purchase LTC coverage that is adequate, but not excessive. Remember, your LTC policy doesn't need to cover all of your LTC expenses if you have other savings or income on which you can rely.