

## ❖ LONG TERM CARE INSURANCE ❖

### ❖ What is Long Term Care?

- Long Term Care is help with the basic activities of daily living, such as bathing, eating, dressing and getting around. It also assists in the event of a cognitive impairment such as Alzheimers.
- In advanced age, many people begin to need help with these everyday activities. The need may also arise in the event of a disabling illness or injury: 42% of the people requiring Long Term Care services at home are between the ages of 18 and 64.
- Long Term Care can be provided in a variety of locations including your home, an assisted living/residential care facility, a licensed adult day care center, an Alzheimer's facility or a nursing home.

### ❖ What are the chances of my needing Long Term Care?

- Sixty percent of people over 65 will require long term care at some point in their lives. As people age, the probability they will need long term care also increases.<sup>1</sup>
- People between the ages of 18-64 make up 40% of the people needing long-term care.<sup>2</sup>
- Although there are about 3.2 million people in nursing homes, there are another 22.4 million who receive care at home, in adult day care facilities and in the growing assisted-care living setting.<sup>3</sup>
- A survey by *AARP* and the *National Alliance for Caregivers* indicates that almost 25% of American households are currently providing informal, unpaid care for an older friend or relative.<sup>4</sup>

### ❖ How much does Long Term Care cost?

- Nursing homes can cost as much as \$40,000 to \$70,000 per year.<sup>5</sup> Depending on the facility and the area of the country, an average nursing home stay can reach \$160,000 or more.<sup>6</sup>
- If inflation continues in the future at the same rate as 1980-1995, in ten years the average cost of long term care will be \$188,260 and in 20 years it will be \$300,864.<sup>7</sup>
- Without long term care insurance, half of all couples in which one partner requires long-term care are impoverished within one year.<sup>8</sup>

### ❖ What is Long Term Care Insurance?

- Long Term Care Insurance pays for assistance with activities of daily living, whether in your home or in a facility. When you choose your policy, you select a daily benefit level. You pay a premium every month to keep the policy in force, and it starts paying benefits at the point you need long-term care.

### ❖ Will Medicare or my health insurance pay for Long Term Care?

- No. Insurance does not pay for long-term care, and government aid (Medicaid) pays only after you have liquidated most of your assets. Therefore it is important to plan how you will pay for long term care expenses and protect your assets.

### ❖ How much does Long Term Care Insurance cost?

- Your monthly payments are based on your age when you purchase coverage. The younger you are when you purchase it, the less it costs. The cost also depends on the level of coverage you select. **More over →**

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## ✦ Is Long Term Care Insurance definitely the best way to cover these future costs?

- For many people it is, but everyone's financial situation is different. Long Term Care is best discussed with a financial planner.

## ✦ How do I find out more about Long Term Care insurance?

- If you have a financial planner whom you trust and who can objectively compare Long Term Care insurance policies, discuss the issue with her/him.
- If you do not have your own counselor, you can speak with **Douglas Eaton** of Eaton Financial Group, Inc. our financial advisors for Long Term Care, at the Benefits Fair, Wednesday, November 5, 9:00 to 4:30, Villard Room. If you cannot attend the fair, call Doug at 212.590.2593 or email [doug@efg-plan.com](mailto:doug@efg-plan.com) to arrange a one-on-one meeting.

### *Tips on evaluating a Long Term Care policy*

- Your premiums are based on your age when you purchase coverage. Buying young, you are not only protecting yourself in case of disability, you are helping to keep the policy affordable. The younger you are when you purchase it, the less it costs.
- If you want your coverage to keep up with the cost of long term care over time, choose a plan with inflation protection.
- Make sure your plan is flexible so you can receive care in a variety of settings – at home, in assisted living/residential care facility, nursing homes, etc.
- Remember that Long Term Care costs vary considerably geographically. If you have a choice in the daily maximum benefit, choose an amount in line with how expensive services tend to be in the area where you live.
- Check that your plan has portability, which permits you to continue paying for coverage on your own, in case you leave the College.
- Find out how often the company providing the insurance has raised premium rates: do they know how to assess long term care costs?
- Remember that the best plans won't charge you a premium while you're receiving benefits under the policy.

<sup>1</sup> The Washington Post, April, 1996

<sup>2</sup> Employees Benefit Research Institute Issue Brief, July, 1995

<sup>3</sup> Brookings Institute, The Caregivers, 1995

<sup>4</sup> USA Today, March 18, 1997

<sup>5</sup> Who pays for Nursing Homes? Consumer Reports, September, 1995

<sup>6</sup> Business & Health Magazine, January, 1997

<sup>7</sup> Consumer Price Index, Statistical abstracts of the United States, 1996

<sup>8</sup> Business & Health Magazine, January, 1997