

UNDERSTANDING LONG TERM CARE INSURANCE

Everything you Need to Know Before Talking with
your Wealth Advisor

WHAT IS LONG-TERM CARE INSURANCE?

As you assess your investment portfolio and the legacy you'll leave behind, it's important to consider long-term care – and how to fund it. Building a nest egg for a lifetime only to have it broken by the considerable costs of long-term care is tragic, as is the burden this could place on your loved ones.

Luckily, there are options that can help to protect your future, preserve your wealth, grow your worth – and allow you to get back to experiencing your Net Worthwhile™.

When it comes to long-term care, SignatureFD offers a variety of Long Term Care insurance (LTCI) options.

WHAT DOES IT COVER?

Many LTCI policies cover the cost of your care if you cannot perform two of the six activities of daily living, which are:

- Bathing
- Dressing
- Eating
- Transferring (walking or transferring from bed to chair/wheelchair)
- Continence
- Toileting

WHAT DOES IT COVER? (CONT'D)

LTCI mitigates the necessity of using your own cash for payment of care and allows your family to be care coordinators.

According to a 2019 Genworth study, a semi-private room in a nursing home costs \$7,645 a month on average, while a completely private room will set you back more than \$8,500 a month.

According to a US Department of Health and Human Services, a one-bedroom unit in an assisted living facility costs around \$3,630 a month and an in-home health aide charges about \$20.50 an hour, on average, depending on location and expertise. These numbers are from 2016 and continue to rise.



**\$9K
/MONTH***

**Potential cost of nursing home care*

WHAT ARE THE LTC OPTIONS, AND DO I NEED IT?

There are two main types of LTCI policies available: Traditional and Hybrid.

In short, traditional policies are paid annually and work like your homeowners policy in that you pay premiums on a policy for which you may never have a claim.

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Traditional LTCI Plans: funded monthly, paid after a claim. Use it or lose it.

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Hybrid LTCI Plans: often funded by single, up-front payment that could grow over time. Generally more attractive to high net worth individuals.

A hybrid LTCI plan combines coverage with a life insurance or an annuity contract, using an asset based approach to fund long-term care. A newer approach, Hybrid policies offer several funding options but are often funded by a single, up-front premium that could have the ability to grow with the value of the policy (given that an LTC event doesn't occur).

This policy eliminates the "use it or lose it" aspect of a traditional policy as the death benefit is not reduced if you never have a long-term care claim.

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According to a 2019 AARP Public Policy Institute report, in 2018, 14 million adults in the United States needed some form of long-term services or support. Of that population, 7.9 million (56 percent) were over age 65 - that's 7.9 million people. The frequency and intensity of need varies by person, with some only needing a few hours of support and some needing round-the-clock care. Most people assume a combination of their health insurance and medicare or medicaid will cover these costs...The same AARP report showed that the national spend on long-term care and support services in 2017 totaled \$237 billion, of which 23% was out of pocket.

In short, long-term care can be expensive.

WHEN AND HOW DO I PURCHASE LTC?

An event necessitating long term care can be a large threat to your portfolio.

If you decide to purchase LTCI, many suggest that it is best to begin the application process around age 50-55. Before starting the application process, be sure to discuss your options with a financial advisor who has a holistic understanding of your financial portfolio and can help you choose the best option for you.

The cost of LTCI is based on:

- How old you are when you purchase the policy
- Your gender and marital status
- The maximum amount that a policy will pay per day
- The maximum number of days or years a policy will pay
- The lifetime maximum amount that a policy will pay
- Any optional benefits you choose
- Your individual health rating

Additionally, after purchasing LTCI it is critical to share your long-term care plan with your family. When a person needs long-term care, it is often the case that others are making decisions on his/her behalf.

Purchasing LTCI helps ease the burden of your family having to find and pay for long term care, ultimately providing them and you peace of mind and helping to preserve your legacy.

SignatureFD understands that choosing a long-term care insurance plan that best suits your needs can feel complicated. We would be more than happy to talk with you about your options. If you'd like to speak with someone at SignatureFD about your LTCI options, call 404.253.7600 or email us at marketing@signaturefd.com.