

# The Most Asked Questions

## ABOUT Long-Term Care Planning

**What?**

**WHO?**

**WHERE?**

**When?**

**Why?**

**HOW?**

### THE TIME TO PREPARE IS NOW

The need for long-term care is one of the biggest financial threats you could potentially face in life. This guide answers the most common questions regarding long-term care planning and insurance protection.

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# ANSWERS TO COMMON QUESTIONS ABOUT Long-Term Care Planning

**W**hen it comes to long-term care planning, asking questions is essential. This guide from the American Association for Long-Term Care Insurance answers some of the more frequently asked questions. The information will help you make better decisions when considering your options.

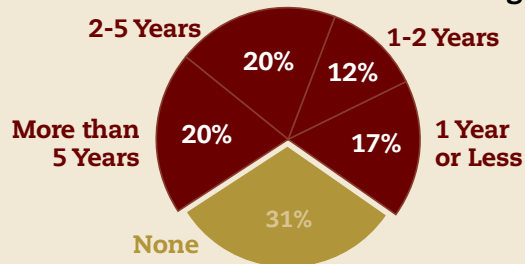
*Perhaps the greatest benefit of long-term care insurance is that it can allow loved ones to care ABOUT you. . . instead of having to care FOR you.*

## Why is planning important?

**F**or millions of Americans, celebrating an 80th, 90th and even a 100th birthday is increasingly likely. When you live a long life, there is a very high risk you will need the type of care that's referred to as long-term care.

Needing long-term care places an enormous emotional and physical strain on loved ones and family members. That's why having a plan is so important. Incorporating long-term care (LTC) insurance into your financial plan can help you protect your assets. It can reduce the burden of care that would otherwise fall on family members and enable you to receive care in the setting you most prefer, including your home.

### Estimated Years Of LTC Needed After Age 65<sup>1</sup>



## What are the odds I'll need care?

**M**any people find it hard to see themselves needing hands-on assistance with basic living activities like bathing, getting dressed and eating. So they avoid thinking about it altogether. The U.S. government reports that 70% of people who reach age 65 will require long-term care services at some point in their lives.<sup>2</sup>

We prefer to say that your real risk is either 0% or 100%. And, that the real question—and the bigger risk—relates to the length of time for which you may need to receive care services. Your plan must prepare for the risk of needing care that could last many years.

### Where's Your Million?

Your long-term care planning today must prepare for future costs. Double the costs for a couple.<sup>3</sup>

	1 YEAR OF CARE	3 YEARS OF CARE	5 YEARS OF CARE
Cost Today	\$ 73,000	\$ 225,570	\$ 387,500
In 10 Years	\$ 98,100	\$ 303,200	\$ 520,800
In 20 Years	\$ 131,850	\$ 407,500	\$ 700,000

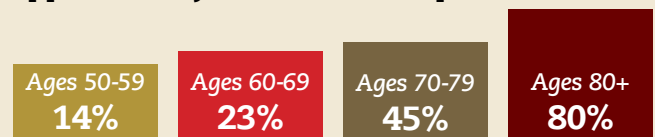
## What's the best age to start planning?

**Y**ou will never be younger or healthier than you are today. That's the reason to start planning now, when you have the most options. The average age for new individual long-term care insurance applicants is 57; an age when many are able to qualify for good health discounts. This discount reduces costs and remains even if your health changes.

### When Individuals Apply: New Coverage By Age<sup>4</sup>



### Applicants Rejected For Unacceptable Health<sup>4</sup>



**Why now?** Because changes in health happen and can make it impossible for you to obtain coverage.

1. American Association for Long-Term Care Insurance, 2011 LTCi Sourcebook.

2. U.S. Department of Health and Human Services, National Clearinghouse for Long-Term Care Information, www.longtermcare.gov, September 2008.

3. American Association for Long-Term Care Insurance, 2011 LTCi Sourcebook. Nursing home care; assumes 3% annual increase in costs.

4. American Association for Long-Term Care Insurance, 2010 LTCi Sourcebook.

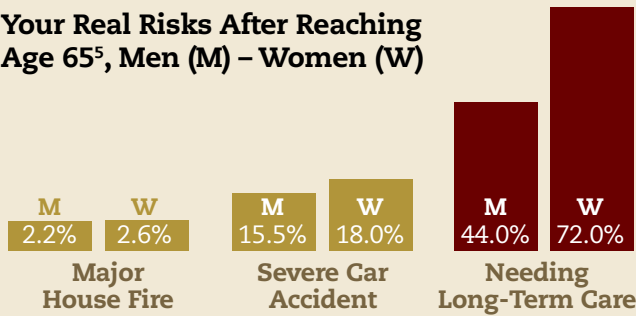
## What are the most important questions to ask?

Start with ones like, where do I ultimately want to receive care (at home, in an assisted living community) and what does care cost where I live now—or where I plan to retire.

When looking into long-term care insurance, ask what discounts you qualify for. If you or a spouse have some health conditions or take prescription medications, ask which conditions are acceptable, as they can vary from one insurer to another.

If you are employed, does your employer offer long-term care insurance as a benefit?

### Your Real Risks After Reaching Age 65<sup>5</sup>, Men (M) – Women (W)



## What does Medicare cover?

Medicare covers very little, if any, of the cost for long-term care and is restricted largely to specific illnesses and injuries and for short periods of time.

Medicaid is the joint federal and state welfare program for those with low income and financial resources. Each state operates its own Medicaid program, which has created major budgetary issues for many states. Other federal programs, such as Veterans Affairs, do pay for some LTC services, but only for specific populations and in specific circumstances.

### Avoiding Mistakes Reducing Your Costs

Read the 3-Step Guide To Smarter Long-Term Care Planning

Published in Kiplinger's, November 2010

READ IT NOW ONLINE:  
[www.aaltci.org/guide](http://www.aaltci.org/guide)



## Why is it important for women to plan?

Long-term care is an issue of particular importance to women. Women are often impacted as providers of care for spouses and, ultimately, as recipients of care. Planning is especially important for women living alone (single, divorced or widowed).

Women tend to live longer than men and are far more likely to need long-term care. The majority of nursing home residents and those with Alzheimer's disease are women.

### Women Benefit More From LTC Insurance

Benefits Paid To:<sup>6</sup>

Single Women	41%
Single Men	12%
Married Women	24%
Married Men	22%

*67% of all long-term care insurance benefits are paid for care received by women.*

## Why buy something I might never use?

If you think about it, people hope to never file a claim on their homeowners, automobile, or life insurance policies. But that doesn't stop people from owning coverage that protects against real risks. The same is true for long-term care insurance. The financial risks are too high and the potential burdens to loved ones are just too great to do nothing.

*The two largest LTC insurance claims today each exceed \$1 million. In 2010, the 10 largest LTC insurers paid over \$10.8 million daily to 135,000 policyholders.<sup>5</sup>*

The families of claimants rarely talk about financial benefits. Instead they talk about how insurance allowed Mom to be cared for at home. . . or how Dad was at a much nicer assisted living community located closer to the family.

There are also return-of-premium options and life insurance or annuities that provide benefits to those who are concerned about never needing care.

5. American Association for Long-Term Care Insurance, 2011 LTCi Sourcebook. Need for long-term care based on being ADL Disabled or cognitively impaired.

6. A Woman's Guide To Long-Term Care Insurance Protection, AALTCI.

## Can I get care in my own home?

**Y**es. Most long-term care insurance policies today enable you to receive qualifying care in your own home, and that's one of the key reasons to consider coverage. Most people with LTC insurance who start receiving care at home are able to remain at home, rather than needing to enter a skilled nursing facility.

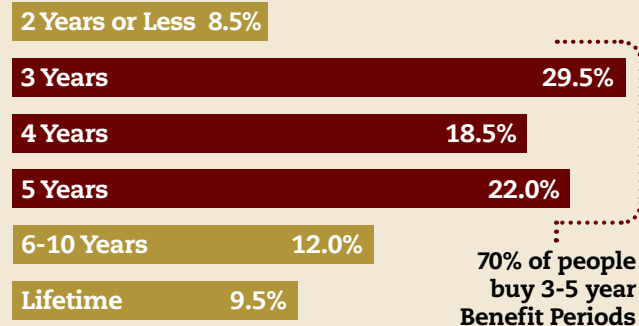
## How much coverage is the right amount?

**T**hat's something to discuss with your insurance or financial professional, because there is no "one size fits all" solution. Your cost for insurance protection will be based on your age and health when you first apply, as well as how much coverage and what options you choose.

- Find out costs for care where you live or hope to retire.
- Be sure your coverage includes an inflation growth option so your pool of benefits increases each year.
- Ask about a "Shared Care" option that enables couples to link their policies in order to share benefits in the event one person's benefits are exhausted.

### What Do They Buy?

New Sales By Benefit Period<sup>7</sup>



When it comes to LTC insurance, **some protection** is always **better than none.**

## What's my next step?

- ✓ Speak with your insurance or financial professional.
- ✓ Find out what coverage costs.
- ✓ See if you can health qualify.
- ✓ Ask what discounts you qualify for.
- ✓ There is never a cost or obligation when you request this information.

## BY THE NUMBERS<sup>7</sup>

### Who BUYS Long-Term Care Insurance?

**8** MILLION Americans currently own LTC insurance protection.

**57** is the average age for new buyers.

**350,000** approximate number of new policies purchased yearly.

**54%** of policies are purchased by couples (partners).

**24%** are purchased by just one spouse.

**22%** by single individuals.

### Who BENEFITS from Long-Term Care Insurance?

**\$10.8** MILLION DAILY claims paid by 10 leading insurers (2010), a 53% increase from 2007.

**31%** of new claims are paid for home care.

**31%** for assisted living.

**27%** of nursing home claims are the result of Alzheimer's.

**38%** for nursing home care.

**91%** of claims begin after age 70.



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