



Winter Newsletter, 2006

Ignoring Long-Term Care Risks is Like Shooting Yourself in the Foot!

A research study in May 2005 sponsored by the Society of Actuaries Committee on Post-Retirement Needs and Risks reports that most Americans underestimate their likelihood of needing long-term care. According to the report, relatively few consumers (presently) own long-term care insurance or conversely can afford to pay for extended care on their own.

The most frequently asked question about long-term care insurance is, "Who is LTC insurance suitable for?" Let's face it; Americans are living longer and longer, and with old age often comes the need for custodial care. If you will not be able to pay "the claim" for long term care expenses out of your income, then you need to insure yourself against this potentially large loss. Insurance coverage costs money too, but if you can afford it, you should consider it. "People with \$500,000 in assets or less need to preserve their funds, for themselves and hopefully, for their heirs." For more affluent people the question becomes, "Why not pay pennies on the dollar instead of paying dollar for dollar for care?"

How much does long term care insurance cost? It varies, depending on the type of policy, how old you are when you apply for coverage and also on your health. A policy premium could be as low as \$500 per year or as much as \$3,000 or more. A Tax Qualified Plan will pay you benefits at any level of care if you need assistance with two or more Activities of Daily Living (ADL) like dressing, bathing, transferring from a bed to a chair, eating, toileting and/or maintaining continence and you are expected to need assistance for 90-days or more. Senile dementia and Alzheimer's are covered too. So when looking at cost its either pay now for insurance protection or pay later out of your own income and/or assets.

It is also important to know that Medicaid rules have recently changed. Medicaid now has a 5-year, rather than a 3-year, look back period in which to spend down assets before qualifying for Medicaid benefits. However, there is also a new federally approved Partnership Program that allows individuals to shelter more assets from Medicaid – if the individual owns a Tax-Qualified Long Term Care Insurance Plan. This is a big change and it is important to understand your options. Under the new Partnership Programs Medicaid will exempt from asset consideration, the exact amount of money that a long-term care policy has paid on your behalf. This means that amount can be passed to your heirs and you can still qualify for Medicaid.

To determine what coverage options may be best for you, and to learn how these new federal regulations may impact you, meet with an experienced long-term care insurance consultant. Doc would tell you, "One man's boot will not usually exactly fit another man's foot.."

Contact us at Lidke & Associates, Inc. for a complimentary consultation. With your personal consultation you will receive a **FREE** Lessons Learned from Doc Holliday – Don't Gamble on Your Retirement Pre-Retirement Planning Workbook as our gift to you. You will receive this 70-page planning workbook – whether or not you choose to purchase coverage. Visit www.lidke.com to learn more about long term care insurance planning.

Call us at 970-384-1900 or 800-613-4068 x 120 to schedule an appointment. Ask for David K. Fulton, Sr.