



Frequently Asked Questions About Long-Term Care Insurance

Who needs long-term care insurance?

Long-term care goes beyond medical care and nursing care to include all the assistance you could need if a chronic illness, disability, or maybe just the effects of old age leaves you unable to care for yourself for an extended period of time. If you can afford long-term care insurance, you should consider it.

How much does long-term care cost?

Nationally, a year in a nursing home averages \$60,000 to \$70,000. In some regions, it can cost twice that. Home care is also expensive. A home health aide visiting just three times a week for eight hours to help with bathing, dressing, and other activities of daily living can cost \$20,000 to \$30,000 per year. These costs are expected to increase at least 5 percent each year.

Can I afford long-term care insurance?

If your assets, not including your home, are less than \$30,000 (single) or \$80,000 (married), purchasing long-term care may deplete your assets before care is needed. A good rule of thumb is to spend no more than seven percent of your gross income on long-term care insurance.

How can I keep my premium costs down?

Premiums are based on your age, your health and the coverage options you select. The younger you are when you purchase long-term care insurance, the lower your premiums will be. More limited coverage, such as a lower daily benefit or longer elimination period, will also result in lower premiums.

How do I know the coverage I buy today will still be sufficient in 15 years?

Inflation protection is a critical option that increases coverage by five percent annually on either a simple or compounded basis, or allows the purchase of increased coverage based on the Consumer Price Index. For those buying long-term care insurance at a younger age, this feature is essential for full protection against rapidly rising costs.

Will long-term care insurance allow me to receive care at home?

Long-term care insurance can provide coverage for long-term home health care. Make sure that your policy includes this coverage before purchasing.

What are Activities of Daily Living?

ADLs are used to determine whether a person needs long-term care and is eligible to receive benefits from a long-term care insurance policy. ADLs are bathing, eating, dressing, toileting, transferring, and continence. Most policies require that a person be unable to perform two of the six ADLs to qualify for long-term care insurance benefits.

Is Alzheimer's disease covered by long-term care insurance?

Most policies today cover Alzheimer's disease. Check your policy before purchasing.

What are the tax implications of having long-term care insurance?

Recent changes in the law allow the premiums and benefits of long-term care insurance, as well as consumers' out-of-pocket expenses for long-term care, to be tax deductible under certain circumstances. Employers may count their contributions to employee long-term care insurance plans as a business expense.

When should I buy long-term care insurance?

There's about a 60 percent chance you'll need long-term care services at some point in your life, and almost 40 percent of long-term care insurance claims are for people younger than age 65. Purchasing a policy when you are younger can save you thousands of dollars, but not everyone can afford it right away. You should periodically review your ability to afford long-term care insurance, especially after you turn 50.

