



# Full Circle

CAREGIVING – THE CIRCLE OF LIFE

Fall 2008

800-422-2655

This summer has been a roller coaster ride. In addition to running the office, I have been actively working on my husband Mark's election campaign for DA. Four years ago, we came "in second" but this time we are confident we can win. If you know anyone who lives in Cortland County, please give them his website, [www.subenforDA@31greenbush.com](http://www.subenforDA@31greenbush.com). He really cares about his hometown and protecting our families and children, and I'm very proud of him. Please remember to vote for your favorite candidate on Tuesday, November 4<sup>th</sup>, **BECAUSE IT MATTERS!**

My dad is still a priority at home. His health is deteriorating which prompted us to initiate a long-term care insurance claim. Safety was a priority to us because he fell more times than I care to remember, and he needed assistance with his activities of daily living. We also purchased an emergency response system.

It is so hard to watch someone you love lose their independence. Everything takes him so much longer to do and his frustration, at times, becomes unbearable. What I have been learning is that patience is truly a virtue, both for ourselves and the people we care for, and having long-term care insurance is invaluable. Since dad has an aide attending him, I breathe easier. Someone is with him for several hours, helps him get dressed, gives him his meals and takes him for a walk. I don't worry now. I can work and I feel less stressed.

Clients still ask me, "What happens if I never use my long-term care insurance plan?" The question should be "What happens to you and your family if you don't have a plan?" In this issue, we're going to dispel those objections to purchasing a policy- "I already have the coverage"... "It's too expensive"... "It's too difficult to understand"... "The company won't be there when I go on claim".

Ann, Naomi and I are happy to be in touch with you again. Please don't hesitate to call us, if you have any questions. We still have access to the DVD- *Who Cares? Kiplinger's No-Nonsense Look at Long-Term Care and How to Pay For It*, co-sponsored by John Hancock. If you, a friend or family member want to learn more about long-term care planning, it's an excellent way to start.

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*"True grit is making a decision and standing by it, doing what must be done."*

- John Wayne

## LET'S DISPEL THOSE OBJECTIONS TO PLANNING FOR LTC

After all these years of working in the long-term care planning profession, I am still amazed that many individuals have yet to understand the importance of planning for this eventuality. My surprise is even greater when clients in my generation, who have gone through a long-term care situation with their parents, do not see the value of this type of planning..

What I would like to do is go through each of the most common objections I hear and give you my objective answer.

**“I will never need long-term care.”** Life expectancy charts are projecting that we will live longer with chronic, degenerative conditions such as Alzheimer’s and Parkinson’s that will require care. If there is a family history of these ailments then the likelihood is that you are at greater risk of becoming disabled.

That being said, how many of you really know what your life has in store for you in the future? Do you have a crystal ball? Long-term care insurance deals with the **random nature of life**. Why wouldn’t you plan for the unexpected?

**“I already have long-term care coverage.”** In a survey conducted by America’s Health Insurance Plans, 30% of respondents thought that their health insurance, disability insurance or Medicare covered long-term care. Health insurance covers doctor visits, hospital stays and medical tests. Disability insurance replaces income during a short or long-term illness. Medicare covers limited nursing home care and skilled home care once certain conditions are met.

Only long-term care insurance covers the cost of skilled and custodial home care, adult day care, assisted living, and nursing home care for an extended long-term care illness.

**“Long-term care insurance is too expensive.”** The average cost of nursing home care in the Rochester, Syracuse and Buffalo areas is \$286/day or \$104,390/year. The average cost of a home health aide is \$20/hour or \$2240/month for 4 hours of care, 7 days per week or \$26,880/year. This is in today’s dollars.

Genworth conducted a study titled, “*Genworth Financial 2008 Cost of Care Survey*”, and determined that nursing home costs had an approximate annual growth of 4.4% from 2004-2008. In fourteen years, the cost of a nursing home care will almost double to approximately \$208,780. **Can you afford this risk?**

Long Term Care Associates, Inc. represents nine companies and offers all four NYS Partnership plans. The policies can be designed to meet your financial needs in an affordable way and still maintain comprehensive coverage.

Think of the premium as a percentage of the asset base you are trying to protect. With most individuals and couples who I work with, the premiums are generally less than 1% of their asset base. Does it make sense to spend less than 1% of your asset base on a premium to protect all that you have worked so hard to accumulate?

**“Long-term care insurance is too difficult to understand.”** There is no doubt that it is a complicated product but with the proper education, you will understand it. Purchasing long-term care insurance is a process. You need to work with a broker who specializes in long-term care insurance and represents several companies. You cannot buy a policy after meeting with a broker one time. It takes several appointments in order for you to make an appropriate decision. You should form a relationship with someone who is knowledgeable and willing to take the time to work at your pace.

**“I’m concerned my carrier will not be there when I need to go on claim”.** It is true that long-term care insurance is a relatively new product. It has only been available for approximately 35 years. It is also true that some companies that tried to market long-term care insurance were not successful. However, the market has gone through a consolidation and the companies still selling long-term care insurance have a much better understanding of their claims history and lapse ratios, and are making the appropriate adjustments in premium pricing.

One important indication that long-term care insurance is here to stay is the promotion, by the federal government, of the implementation of partnership plans throughout the United States. With the federal government involved and consumer advocate organizations like the National Association of Insurance Commissioners, safeguards and standards will be in place to protect policyholders.

**Now that I have dispelled those objections, isn’t it time you planned for long-term care?**

### *New Statistics*

In its 2007 study, The American Association for Long-Term Care Insurance reported that the average age of buyers dropped below 60 for the first time. The average age of Americans purchasing long-term care insurance is now 58 which is a significant change from as recently as 2000, when the average age was 67, according to Jesse Slome, the Association’s Executive Director.

Other key results of the study are:

- 14.3% of purchasers are under age 50; 46.0% are between 50 and 60; and 39.7% are over age 60.
- 66.3% of claimants receiving benefits from their LTC policy are women.
- 68.7% of total benefit dollars are paid to women (2006 benefits paid).

### *The Facts on Caregivers*

- Caregivers lose an average of \$659,000 in wages, Social Security, and pension contributions over a lifetime. About half of those caregivers also cover many out-of-pocket expenses, such as paying for medication or groceries, for an average \$2400/year.
- The typical primary caregiver is a working woman in her mid-40’s, who has gone to college, and who cares for an elderly parent who lives nearby. Many women leave the workforce entirely.
- In the US, family members provide 80% of the care for their elderly parents.

**-Source: MetLife, National Alliance for Caregiving and AARP**

### **ASK SUSAN:**

**If I am uninsurable, what other options do I have to pay for long-term care?**

Other options include life settlements and reverse mortgages. With a life settlement, you can sell your life insurance policy to a third party and receive an amount greater than the cash surrender value but less than the death benefit.

With a reverse mortgage, you are using the equity in your home to pay for your long-term care services.

**Please refer a family member or friend who you care about.**

## ELDER CARE CONSULTATION AND REFERRALS

Long Term Care Associates, Inc. provides care consultations and referrals designed to assist you and your family in making eldercare decisions.

Anyone who has a family member who is dealing with a long-term illness (Alzheimer's, Parkinsons, etc.) or the normal process of aging can benefit from speaking to us.

The types of services that we can help your family with include:

- Rehabilitation programs
- Nursing home and assisted living placement
- Home Care
- Adult day care
- Caregiver support and respite
- Home modifications
- Emergency response systems
- Home delivered meals
- Medicare/Medicaid

You want your aging relatives to have the best possible care and attention when they can no longer function independently due to a physical or cognitive impairment. Sometimes determining the type of care or service they need and where to find it can be difficult and time-consuming. We can help make this journey easier for you.

### The Last Lecture

Many of you may have followed the story of Randy Pausch, who was afflicted with pancreatic cancer and passed away in July. Before he died, he gave the world an inspirational lecture. If you ever feel down, overwhelmed, or frustrated with the obstacles that come your way in life, this will definitely help you climb over any brick walls that block your path. You can view it on the internet. Just Google "The Last Lecture".

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