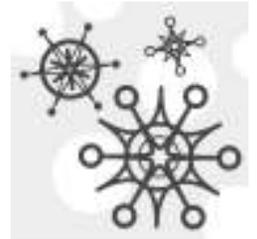


LONG TERM CARE ASSOCIATES, INC.

# Full Circle



February 2011

800-422-2655

2010 was certainly a wild ride and 2011 will probably be just as eventful. The message that came through to me this past year is that we really have to rely on ourselves to accomplish what we need to get done. Government policies are constantly changing along with the politicians that put them in place. Social security and Medicare may be totally different in the future, the job market may remain weak, and interest rates may stay stagnant.

Your financial plans for the future are in your hands more than ever before. That is why it is ever so important to insure for long-term care. We insure our homes and cars but we don't readily insure ourselves to protect our families in the event of a long-term care illness.

The biggest threat to our security and the security of our loved ones is a long-term care illness. The cost of care can have devastating effects on our family's financial and emotional well-being. The average cost of nursing home care in the Syracuse/Rochester area is \$280 to \$320/day, and home care for someone afflicted with Alzheimer's can be a 24/7 job.

Be proactive. Make a new year's resolution to put into place one of the long-term care planning options listed below:

**TRADITIONAL LONG-TERM CARE INSURANCE:** There are multiple carriers that are committed to the long-term care insurance industry and their products are innovative and consumer-friendly. The policies are geared towards home care, offer an array of inflation protection options, and in some instances provide cash payments that allow anyone to take care of you anywhere.

**NYS PARTNERSHIP PLANS:** Whether you plan to reside in NYS or move out-of-state, these economically priced policies should be investigated. They all provide either total or partial asset protection, include 5% compound inflation protection, and offer home care riders for added flexibility. You can transfer or gift all or some of your assets without having to worry about the five year Medicaid look-back period.

**LIFE INSURANCE WITH LONG-TERM CARE RIDER:** Afraid about never using your long-term care insurance policy and wasting premium dollars? There are several universal life policies on the market that will allow you to accelerate your death benefit and use the funds for long-term care expenses. If you never become disabled, the full death benefit is paid to your heirs tax-free. If you do require care, you will have the benefits of a stand-alone LTC insurance policy. The policies can be purchased with a single or annual premium. Some companies will return your initial single premium if you decide that the policy does not meet your needs. It's a win/win strategy.

**LIFE SETTLEMENTS:** If you are uninsurable and already have a permanent life insurance policy with cash build-up, consider selling your life insurance policy to a third party. You will receive more than the cash build-up but less than the death benefit to pay for future long-term care costs.

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**PLEASE PASS THIS NEWSLETTER ON TO A FAMILY MEMBER OR FRIEND YOU CARE ABOUT.**

**EMPLOYER/ASSOCIATION PLANS:** If you are a business owner, you can initiate a discounted LTC insurance program for key management and/or employees as well as their families. If you are a member of an association, a LTC insurance program can be implemented giving all members and their families a discount on the coverage.

**TAX ADVANTAGES:** There are several tax advantages with stand alone LTC insurance policies. NYS offers a 20% tax credit on the premiums. The federal government offers a tax deduction, and there are tax incentives for businesses. In addition, you may be able to pay for your premiums tax-free through an annuity!!

With so many uncertainties in life, take control of your future in 2011. LTC planning is important to your family, can be managed, and customized to your needs. We will be happy to help you.

*Wishing you and your family the very best for 2011~  
Susan, Ann, Naomi*

### **THE STATE OF THE LTCI MARKET**

Many of you have been reading articles about carriers leaving the LTC insurance market and others raising premiums on current policyholders. This can cause a bit of anxiety about the products.

To understand why this is occurring, one needs to look at the lapse ratio of LTC insurance policies – how many people drop their policies, and current interest rates.

LTCI has been in existence for about 35 years. When the companies started marketing policies, they made certain assumptions about the lapse ratio. The assumption was that approximately 5% of policyholders would drop their coverage. In reality, only about 1% to 1.5% of policyholders cancelled their policies. This confirms the value of the coverage. The result is that more claims are being paid on the older policies.

This situation along with the fact that interest rates have been exceedingly low for such a long time has affected the cash reserves of the LTCI carriers.

In order to fulfill their promise to pay claims and maintain their cash reserves, the carriers have had to raise premiums on older existing policies as well as making internal rate adjustments for new buyers.

This correction in the industry should not deter you from planning for long-term care. You still need to plan. The current LTC insurance carriers are committed to staying in this market. Now is actually a good time to purchase the coverage because carriers have a better understanding of their claims history, are offering better features and options, and are pricing their products more accurately.

### **LTCI FEDERAL TAX DEDUCTIONS FOR 2011**

<b>Age of insured before the close of 2011</b>	<b>Eligible LTCI Premium Deductions</b>
Ages 40 of Less	\$340
Ages 41 to 50	\$640
Ages 51 to 60	\$1,270
Ages 61 to 70	\$3,390
Ages Over 70	\$4,240

## **Testimonial**

"Susan is a very knowledgeable person in the area of long term care insurance. She comes highly recommended across NYS. She is very willing to present to groups as well as individuals on the benefits of long term care insurance.

Susan is a very professional yet personable lady." - Kathy W.

## MEDICARE SKILLED NURSING HOME CO-PAYS FOR 2011

If you spend three days in a hospital and enter a Medicare approved nursing home, Medicare will pay for some of your care:

Days 1-20	Medicare pays in full
Days 21-100	You pay a \$141.50/day co-pay
Days 100+	Medicare pays NOTHING



### **2011 MEDICAID SPEND DOWN LIMITS FOR SINGLE PERSON**

- **SINGLE INDIVIDUAL INCOME AMOUNT**
  - \$50 PER MONTH
- **SINGLE INDIVIDUAL RESOURCES**
  - \$13,800 SAVINGS
  - \$1,500 BURIAL FUND

### **2011 MEDICAID LIMITS FOR MARRIED COUPLES**

- **MARRIED COUPLE INCOME AMOUNT**
  - \$2,739 PER MONTH (\$32,868 Annually)
- **MARRIED COUPLE RESOURCES**
  - ASSETS up to \$109,560
  - RESIDENCE (as long as Community Spouse lives in the house)
  - HOUSEHOLD FURNISHINGS
  - BURIAL FUND

## BOOMER WOMEN DISCUSS LTC WITH PARENTS, BUT MANY STILL DON'T PLAN

According to a survey conducted by AARP, about 70% of boomer women are “very” or “somewhat” concerned about their parents’ ability to continue living independently as they age. But only 40% of them have actually planned for the possibility of their parents needing assistance. AARP conducted the survey among 629 women aged 45 or older with at least one living parent age 65 or older.

Some of the living arrangements considered by women boomers for their parents should they become ill include:

- |   |     |
|---|-----|
| • Parents moving in with them   | 43% |
| • Parents remaining in their own home with paid assistance                      | 33% |
| • A family caregiver moving in with their parents so that they can stay at home | 30% |

The best conversation you can have with your parents is talking about long-term care. Each of you needs to understand the other’s concerns and wishes. It is a very difficult topic but talking about it is the first step to creating an action plan.

Bring up the topic of LTC insurance. The insurance will pay for your parents’ expenses in their home, your home, an assisted living facility or a nursing home. If premiums are an issue, share in the cost of the premiums with your parents or ask your siblings to help out. In the long run, the coverage will help them obtain quality care and make it easier for you to supervise their care instead of providing it.

Source: National Underwriter Life and Health, November 19, 2007

**IF YOU ARE A BUSINESS OWNER, SCHEDULE A LUNCH N’ LEARN SEMINAR ON THE CLASS ACT!** You will have to make a decision on whether to offer your employees LTC insurance through the federal CLASS ACT or a private long-term care insurance program. Call Ann at 800-422-2655 to schedule a presentation.

# THE CARING LIBRARY

These books are available in our resource library for you to borrow.



## **Parent Talk** – *G. Scott Middleton*

Most of us will face the dilemma of role reversal. We will become the caregivers for our parents. As you go down this road, this book will give you a few steps to follow.

## **Help Wanted: Caregiver: A Guide To Helping Your Loved One Cope With Serious Illness** –

*Laura Pinchot*

When a serious illness strikes a family, often times it is hard to figure out what to do first for the person who is ill. This book helps you help that person in a compassionate way.

## **Moment That Matter: Cases in Ethical Eldercare** – *Michael Gordon*

This is a thoughtful and indispensable guide to aid families facing the difficult choices in caring for aging family members.

## **Elder Rage** – *Jacqueline Marcell*

Marcell offers hilarious relief to anyone coping with parental rebellion, along with solid guidelines for those who are caring for a loved one with dementia.

## **ASK SUSAN:**

### **What is a “Future Purchase Option?”**

A Future Purchase Option allows you to accept periodic inflation offers from your LTC insurance carrier in order to raise your daily or monthly benefit. Some companies offer this every three years others after your policy has been in effect for a specific period of time. The initial premium is generally lower than a policy with built-in permanent inflation protection, such as 5% compound or 5% simple. However, as you accept these offers, the premium increases according to your attained age.

