



## **SPENCER'S TIPS: "What is Long Term Care and How Do I Prepare For it?."** By Charles J. Spencer, CLU

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### **What you will find in this report:**

- What is Long Term Care?
- What is the cost of Long-Term Care?
- What is my best Long Term Care option?
- What options do I have to pay for Long Term Care?
- Does Long Term Care Insurance make sense for me?
- Are there any tax advantages of Long Term Care Insurance?
- Additional Links on the subject of Long Term Care.

### **What is Long-Term Care?**

The best way to answer this question is to quote the Federal Publication – [Medicare and You](#), "Long-term care includes medical and non-medical care for people who have a chronic illness or disability. Non-medical care includes non-skilled personal care assistance, like help with everyday activities, including dressing, bathing, and using the bathroom. At least 70% of people over 65 will need long-term care services at some point. Medicare and most health insurance plans, including Medicare Supplement Insurance (Medigap) policies, don't pay for this type of care, also called custodial care. Long-term care can be provided at home, in the community, in an assisted living facility, or in a nursing home. It's important to start planning for long-term care now to maintain your independence and to make sure you get the care you may need in the future." [\(View the entire publication\)](#)

The federal government makes clear the importance of planning for your long-term care. You plan for other disasters such as a house fire and auto accident. Did you know?...

- Chance of a house fire is 1 in 300
- Chance of an auto accident is 1 in 30
- Chance you will need Long-Term Care is **4 in 10**

***You called us to insure your home and auto, call us now to protect your retirement assets from becoming depleted by long-term care expenses!***

Medical advances have increased our chances of living a long life. Today, it is not unusual to hear that someone has turned 100. With our chances of living longer increasing so does the risk that we will need Long-Term Care.

## What is the Cost of Long-Term Care?

According to [Genworth's Compare the Cost Report](#), the state median annual costs of services in Pennsylvania for 2019 are:

- Homemaker Services \$56,056
- Home Health Aide \$56,056
- Adult Day Health Care \$20,020
- Assisted Living Facility (Private, one bedroom) \$58,500
- Nursing Home (semi private room) \$119,720

*How many years would it take to deplete your retirement savings?*

## What is my best Long Term Care option?

This question cannot be answered until the need for Long-Term Care arises. At that time you need to talk to professionals like a doctor, social worker or care coordinator to decide on the best Long-Term Care Plan for you. You need to involve other family members in the discussion. This can be a very emotional experience which makes the need for planning that much more important. By planning you give yourself more options.

Long-Term Care can require skilled or custodial care. Custodial care is the most common. Custodial Care helps people with ongoing help with the Activities of Daily Living (ADL) or the need for supervision due to a deteriorating mental capacity such as Alzheimer's disease. ADLs include bathing, dressing, eating, using the toilet, continence, and transferring from a bed to a chair.

Medicare.gov provides a chart that helps you understand the different types of care. [Access this chart.](#)

## What options do I have to pay for Long Term Care?

I have discussed the different Long-Term Care options available above. The Medicare.gov chart helps you understand the different types of care, but the big question is "How do I pay for these Long-Term Care services?"

Here are some of the more common ways people pay for Long-Term care services:

- Personal Resources – you can use your personal assets such as savings, retirement accounts, annuities, stocks, bonds or similar assets. ***Based on the costs listed above, how long could your personal assets provide the money needed for your Long-Term Care needs?***

- Medicare – Medicare does not currently pay for custodial care. Medicare may pay for skilled care under very limiting circumstances. Check out the publication [Medicare and You](#). Do not think Medicare will take care of your Long-Term Care needs.
- Veteran’s Benefits – The Department of Veteran Affairs (VA) may provide Long-Term Care for service-related disabilities or for certain eligible veterans. Go to [www.va.gov](http://www.va.gov) or call the VA at 1-800-827-1000 for more information.
- Medicaid – Medicaid is a joint federal and state program that pays for certain health services for people with limited income or resources. If you qualify, you may be able to get help to pay for nursing home care or other health care costs. Visit [www.medicare.gov/contacts](http://www.medicare.gov/contacts) or call 1-800-633-4227 to find out who to contact to see if you qualify.
- Other private options –Long-Term Care Insurance is available for purchase. You may choose to pay for your long-term care through an annuity. Some life insurance companies allow you to accelerate your death benefit under certain circumstances such as the need for help with two or more ADLs or a cognitive impairment. Check with your insurance company today to see if your policies have this benefit. The best option for you depends on your age, health status, risk of needing Long-Term Care and your financial situation. Go to [www.longtermcare.gov](http://www.longtermcare.gov) for more information about your options.

## **Does Long Term Care Insurance make sense for me?**

According to the NAIC [Consumer Alert Long Term Care Insurance Fact Sheet](#), “Whether or not you should buy a Long-Term Care Insurance Policy depends on your age, health status, overall retirement goals, income and assets. For instance, if your only source of income is a Social Security benefit or SSI you probably shouldn’t buy Long-Term Care Insurance.”

If you have very limited income and assets then Medicaid may be your answer. You need to call us and review all your options first before deciding on the purchase of a Long-Term Care Insurance Policy. Make sure the professional you choose to discuss your Long-Term Care needs understands all the options.

## **Are there any tax advantages of Long Term Care Insurance?**

Yes, some federal income tax advantages apply to Long-Term Care Insurance Policies that are called tax-qualified long term care insurance contracts. To find out more about the deductibility of Long-Term Care Insurance premiums or the tax advantages of Long-Term Care Insurance for the self-employed, partnership or corporation contact your tax advisor or visit [The American Association for Long-Term Care Insurance](#).

## **Additional Links on the subject of Long Term Care**

Here are some helpful links to visit to find out more about Long-Term Care services and Long-Term Care Insurance:

- [American Association for Long-Term Care Insurance](http://www.aaltci.org/) (<http://www.aaltci.org/>)
- [NAIC Special Section on Long-Term Care](http://www.naic.org/index_ltc_section.htm) ([http://www.naic.org/index\\_ltc\\_section.htm](http://www.naic.org/index_ltc_section.htm))
- [Medicare and Long-Term Care](http://www.medicare.gov/longtermcare/static/home.asp) (<http://www.medicare.gov/longtermcare/static/home.asp>)

## **What's next?**

You need to have a discussion about your future Long-Term Care needs today. Knowing your options and planning is the key! Talk with your family or friends and discuss your options. Investigate Long-Term Care Insurance and your other options if you don't want to rely on others to support you and have flexibility.

You should consult your financial planner and review the retirement assets you need to protect from Long-Term Care cost.

Does it make sense for you? Only you can decide after researching. Let us help you. Call us today so we can discuss your options. As Independent Agents, Spencer Insurance Agency represents many top rated insurance companies and will help you decide which one offers you the plan you need. Don't rely on an agent who only represents one choice. At Spencer Insurance we understand that the True Cost of Insurance can be much higher if you are not properly protected.

**Call us today at 215-885-2200 to review your situation.**

**“Your Protection and Peace of Mind is our only Business!”**