

**Rob Turner's TRADITIONAL LONG TERM CARE  
INSURANCE – SUMMARY  
01/25/16**

- Long Term Care is needed for 70% of Americans who live past age 65.

- To be eligible for Long Term care, you must be unable to perform 2 of the 6 “Activities of Daily Living” or be diagnosed with a cognitive disorder (Alzheimer’s / dementia).

Those Activities of Daily Living include: bathing, dressing, eating, toileting, continence, and transferring.

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Long Term Care insurance is made up of 3 parts that work together to cover either all or a portion of the cost associated with Long Term Care – Home Health, Assisted Living, or Nursing Home care.

- 1. Monthly benefit**
- 2. Benefit period**
- 3. Elimination period**

1. **Monthly benefit:** The monthly (or daily) stipend that you have to draw from. (Usually between \$3,000.00 and \$9,000.00 a month. This translates to \$100.00 to \$300.00 a day)
2. **Benefit period:** The number of months that the monthly stipend will be available to you. (I usually recommend 48 months).
3. **Elimination period:** How long you must wait before you can utilize the monthly stipend to pay for Long Term Care. (I usually recommend no more than 90 days).

## FREQUENTLY ASKED QUESTIONS

1. WHAT IF I ANTICIPATE HAVING RETIREMENT INCOME TO OFFSET THE COST OF LONG TERM CARE?

**- Yes! Just because you have a certain Monthly Benefit doesn't mean you must use all of it that month. That which isn't utilized will roll forward to the next month.**

2. IS HOME HEALTH CARE AVAILABLE TO ME DURING THE ELIMINATION PERIOD?

**- If a Zero Day Elimination rider (available in some plans) is put in place (sometimes they're pro bono), it allows you to tap into your monthly benefit for Home Health Care during that initial waiting period after you go on claim.**

3. WILL LONG TERM CARE INSURANCE PREMIUMS INCREASE OVER TIME?

- They might, though approval from each state's Insurance Commissioner must happen before an increase can occur.

4. WHAT DOES NURSING HOME CARE COST TODAY?

- In the past 24 months, my family saw my grandfather (my Mom's Dad) admitted to a Nursing Home in Belzoni, MS. It was a basic county hospital / nursing home hybrid facility (shared room) in the MS Delta. The monthly bill was +/- \$5,000.00.

5. AT WHAT AGE DO MOST PEOPLE PURCHASE LONG TERM CARE INSURANCE?

- I have clients who have purchased Long Term Care Insurance as early as age 41 and as late as age 64. I've had potential clients consider proposals who were in their late '60s. I've also had one potential client consider a proposal at age 76. Some carriers don't write Long Term Care insurance on applicants over the age of 75.

6. IS THERE A "SWEET SPOT" RELATIVE TO THE MONTHLY BENEFIT RELATIVE TO AGE OF POLICY PURCHASE?

- For clients under 50, I recommend they look at both the \$3,000.00 and \$4,000.00 monthly benefit. For those over 50, I recommend they look at both the \$4,000.00 and \$5,000.00 monthly benefit. For those close to 60, I recommend they look strongly at the \$5,000.00 monthly benefit. For those over 60, I recommend a \$6,000.00 monthly benefit. Keep in mind that ideally all of these monthly benefit scenarios would be set up with a compound inflation rider.

7. DOES THE MONTHLY BENEFIT INCREASE AS THE POLICY AGES (YEAR TO YEAR)?

- It does if the Inflation Rider is purchased.

8. CATEGORICALLY, WHAT IS LONG TERM CARE INSURANCE?

- Long Term Care insurance is a health insurance product.

9. WHY PURCHASE LONG TERM CARE INSURANCE?

- To protect your assets, to keep your children from having to care for you in the event that you need long term care, and to give you more options (private room, better facility) relative to your needed care.

10. ON AVERAGE, HOW LONG DO MOST PEOPLE NEED LONG TERM CARE (HOME HEALTH, ASSISTED LIVING, NURSING HOME CARE)?

- Men on average need 2 to 2.5 years. Women need an average of 3 to 3.75 years.

11. WHAT IS THE TYPICAL SUCCESSIVE CHAIN OF EVENTS RELATIVE TO LONG TERM CARE?

- Typically, individuals need Home Health Care first. From there they usually go to Assisted Living then on to Nursing Home / Hospice Care.

12. ARE ALL OF THE EXPENSES RELATIVE TO THESE VARIOUS OPTIONS ELIGIBLE TO BE COVERED VIA LONG TERM CARE INSURANCE?

- They are so long as the policy put in force is set up to do so. Expenses relative to Nursing Home / Hospice care are always 100% eligible. Both Home Health and Assisted Living can also be or one can throttle back their eligibility to 50% (or less).

13. WHAT IF OVER TIME ONE BECOMES UNABLE TO PAY THE POLICY PREMIUMS? IS THE POLICY LOST?

- Like health insurance, you'll have the option to reduce the benefit to reduce the premium if the premium cost becomes too difficult for you (due to a rate increase). Most carriers will also provide a beneficiary with a small amount of "paid up insurance" so long as they've paid in at least 3 years worth of premiums (Nonforfeiture rider). This results in taking all of those premiums into consideration mathematically. At that point, that amount equals one's total benefit.



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