

Strategies That Make Long-Term Care More Affordable

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While everyone would like to have long-term care (LTC) insurance, many people have found it to be unaffordable. Traditional LTC insurance policies are expensive.

To start with, you need to know how much money and income you have to work with. Ask yourself questions like, “If a nursing home costs \$8,000 a month, how long would my savings last before I would need to sell my home?” Find out what interest rate you are earning on your assets now, is it five percent, six percent? Maybe seven percent?

Most retirees need at least some of their interest for living expenses. You can compare premiums on different benefit packages with the typical long-term care insurance or look at some of the annuities that now permit a policyholder to access their money if home care, assisted living, or a nursing home stay becomes necessary.

Most people do not need care for more than three years, but you should also consider dementia and Alzheimer’s care, which can last for YEARS.

It’s wise to discuss your future health changes with your family and prepare your financial resources for the potential of paying for long-term care services. Consider setting up a health fund that can be used to self-insure the cost of care. You can also choose to invest in a deferred annuity that has long-term care benefits as part of the annuity policy. Deferred annuities are flexible, and if long-term care is needed in the future, you can always withdraw money from the annuity to pay for care without a penalty or a surrender charge.

Finding Money, Using Multipurpose Policies

Once you understand the need to prepare for long-term care costs, you can **PLAN**. By repositioning a portion of your assets so your money can work harder, you will also have the option to use that money for any future care that’s needed, and you’ll have made a huge step forward in your retirement planning.

Newer to the long-term care planning options are single-premium life policies that provide both a death benefit and a living benefit for long-term care. These policies are potentially a great solution if you’re in your 50s and still pretty healthy, since a life policy requires a medical evaluation. Annuities do NOT require any medical evaluations. If you own a paid-up life insurance policy, that policy might be exchanged tax-free under the 1035 rule for a multipurpose life policy. Most of our clients like this because they will never get a premium bill.

The wise retiree, or pre-retiree, will consider the cost of long-term care now and in the future. Once you know the options you have to pay for any care you’ll need, a policy that fits just for you is very possible.

Based in Littleton, Colorado, Wilma Anderson is one of America’s leading long term care specialists. Call her at (720) 344-0312 or leave a message at WilmaAnderson.com