



LTC News

Make Prospects Care About Caregiving

“Sharing factual data will help heighten awareness and create a setting for discussions to begin.”

The aging of the population means that increasing numbers of workers will have an elderly family member (or friend) to care for at the same time that they are juggling work and their own family responsibilities.

Among seniors, the desire to both remain independent and in one's own home is a significant factor influencing the purchase of long-term care insurance. Consider that family caregivers provide approximately 80% of home care services.

For adult children, raising issues about aging and long-term care with their parents makes many feel uneasy. Sharing factual data will help heighten awareness and

create a setting for discussions to begin. It's especially important with those who are self-employed or where the female family-member's income is essential (or the sole support). Though, as statistics now show, men provide nearly half of the caregiving services.

Some facts to share:

1 in 4

According to a 1997 survey conducted by the National Alliance for Caregiving and AARP, nearly a fourth of U.S. households reported a family member caring for someone older than age 50. The vast majority of family caregivers work. Nearly two-thirds work full or part-time. Over half

of workers who also provide care require some sort of workplace accommodation, choose to turn down promotions, take an early retirement- or give up working entirely.

The cost to caregivers can be high. The 1999 MetLife study reported “caregiving costs an (individual) average of \$656,000 in lost wages, pensions and Social Security, not to mention negative health impacts.”

Source: Sales Strategies; US General Accounting Office, (GAO/HEHS 95-26, “Long-Term Care: Diverse, Growing Population Includes Millions of Americans of All Ages”) 1994

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The Dramatic Evolution of Long-Term Care Final Part

by George Sherman

Every aspect of LTC has changed over the last ten years. In the last issue we looked at the affect technology is having on LTC

People who have contributed to the LTC market

Dedicated people have made notable contributions to the market for LTC insurance during the period of this publication. Those who come to mind are Congresswoman Nancy Johnson (R-CT, a dedicated advocate for private LTC insurance in Congress), Stan Wallack (expert witness before Congress on the values of private insurance for LTC), Marc Cohen (data guru of the private market), Phyllis Shelton and Tom Orr (trainers extraordinaire), Paul

Willing (former VP of the American Health Care Association who helped bring the industry to accept private LTC insurance), Steve Moses (champion of private financing for LTC), Martin Bayne (“Mr. LTC”), Mark Meiners (state Partnerships), Sam Kaplan (CalPERS LTC insurance), Bob Glowacki (erstwhile educator of state regulators), Earl Pomeroy (former insurance commissioner of North Dakota, now congressman) and Jane Bryant Quinn (supportive yet critical columnist).

As I put this meditation to press, important new legislative proposals are waiting in the wings: the federal employees' LTC insurance program, a 100% above-the-line

tax deduction, new state tax deductions. Who knows what the proven trend in declining frailty of the elderly portends for financing of LTC. What are the implications to LTC of genetic testing, and of the promising research into Alzheimer's disease? How will the politics of federal budget surpluses affect the financing of LTC? And finally, what will be the real social, economic and cultural affects of the aging and frail Baby Boom Generation? No one knows. However, change will happen. The marketplace will continue to evolve, likely more dramatically than it has over the last ten years.

Source: www.mrltc.com

“Change will happen. The marketplace will continue to evolve...”

How to Pay for Long-Term Care Insurance

By W.V. Montgomery, Jr. CFP, CLTC, CLU, Exton, PA

The odds are against us! Everything I read tells us that the chances of requiring some form of long-term care are increasing. Long-term care comes in various flavors. It can be in the form of home care, assisted living, skilled nursing facility, or day care. We all know that long-term care - in any form - costs money. Some forms cost more than others. But the cost isn't only in dollars. There is frequently a paralyzing emotional cost, including loneliness and guilt.

In this article we want to deal with the financial cost.

Where does the money come from?

It can come from Medicaid. This is a bureaucratic word for welfare. There is a whole new industry that has emerged known as "Medicaid Planning." There is little argument that those who are impoverished can and should become the responsibility of government resources. This is the type of safety net that a caring and affluent society makes available for the less fortunate. It is typical of America. It sets us apart from other countries in the world.

Unfortunately, there is a creeping abuse of this generous program, and I believe that the inherent unselfishness of our giving society could be the very cause of

the collapse of Medicaid.

Another source of money is personal assets. Those who have a great deal of this world's goods can and should be responsible for the costs of their own long-term care. Of course, it can be expensive, but that's a relative term. For a person who owns a luxurious home, a few cars, a profitable investment portfolio, a large retirement program, etc. can easily pay the annual costs of long-term care without invading one dollar of assets.

LTC insurance is least costly financing of LTC

The least costly method of paying for long-term care is long-term care insurance. It's not the purpose of this article to compare companies or various plans, other than to say that the cost depends on the age of the person or couple and the benefits of the plan. As a Certified Financial Planner (CFP) I constantly deal with the income and expenses of seniors. Everyone of any age itemizes fixed expenses and discretionary expenses. This exercise is very different for senior citizens that it is for their children. I take this seriously and attempt to minimize the "outflow" for my clients.

As a result, I insist on not necessarily insuring the full daily or monthly cost of nursing home or

home care. We can, in most cases, insure about 80 percent of the average daily or monthly cost. The extra 20 percent can easily be taken care of by Social Security benefits, thereby limiting the premium costs of long-term care insurance. I've seen that the difference of premium - if invested in a moderate investment vehicle - could generate a substantial "side fund" in 10 years or more.

In some cases, we have used the annual earnings of a fixed annuity to pay the annual premium. This has proven to be a very attractive alternative. When the earnings are withdrawn from the annuity, they are considered taxable ordinary income. To offset the tax, the premium can be part of the medical itemized deductions. In the meantime, the annuity offers immediate liquidity, if necessary. Earnings that are not withdrawn accumulate on a tax-deferred basis. We have also used a "split annuity." This is the combination of an immediate annuity with a 10-year payout and a single premium deferred annuity that will produce a lifetime income stream in 10 years.

A little creativity can minimize the cost without disrupting the budget. Compare this with total budget stress caused by paying for all long-term care costs. It's a "no-brainer."

Source: LTC News & Comment



"We all know that long-term care—in any form— costs money."

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Underwriting Corner: TIAs

By Debbie Kocsis

Transient Ischemic Attacks (TIAs) are episodes of temporary cerebral dysfunction of vascular origin which resolve within 24 hours. Numbness, weakness, dizziness, fainting, vision defects, or loss of speech (aphasia) are the typical signs. TIAs are often a precursor to more significant cerebrovascular events (i.e. strokes).

Strokes occur when blood flow to the brain is blocked for extended

periods of time; irreparable damage to the brain often takes place resulting in loss of function or paralysis.

Treatment may include anti-coagulant drugs, such as, Coumadin or Ticlid.

Questions You Should Ask:

- Has it been less than 5 years since the TIA?
- Is there is history of diabetes?

- Have there been symptoms suggestive of TIA (temporary numbness, tingling, loss of vision or garbled speech)?
- Have there been multiple episodes of Amaurosis Fugax (temporary loss of vision)?
- Has there been more than one TIA?

Is there a history of any heart surgery (e.g., angioplasty, bypass grafts, valve replacements)?

2002 HIPAA Tax Table

40 or less	\$240
41-50	\$450
51-60	\$900
61-70	\$2,390
71 and older	\$2,990