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Long Term Care Insurance ...What to do?

The need for long-term care for retirees has never been greater. According to the U.S. Department of Health and Human Services, among 65 year-olds, 70% will use some form of long-term care (in-home, assisted living or nursing home care) over their life expectancy. And the cost of care is not cheap: the median annual cost of nursing home care, depends on your state, but the U.S. overall average cost is \$85,800. (1)

When thinking about your options it comes down to the following:

1. Do nothing and “roll the dice” and hope you and/or your spouse will never ever need this type of care. If care is needed, you will dip into your nest egg because you have plenty extra saved to “self-insure” and pay the additional \$85,000 per year for long-term care.
2. Count on your regular health insurance or Medicare to pay the bills. Unfortunately, traditional insurance doesn't cover long-term care and Medicare does not cover it either. Medicare covers only short nursing home stays or limited amounts of home health care when you require skilled nursing or rehab. It does not pay for custodial care, which includes supervision and help with day-to-day tasks.
3. Spend down your assets and qualify for Medicaid, the federal and state health insurance program for those with low incomes.
4. Purchase some form of long-term care insurance - stand alone, life insurance or an annuity product.

Most people are purchasing long term care products in their mid-50's to mid-60's regardless of the policy type. Waiting until you need care to buy insurance coverage is not an option since you wouldn't qualify for long-term care insurance with a debilitating condition.

So what should you do?

Our advice is to get educated on the cost to insure this risk to make an informed decision. The insurance is not inexpensive and is continuing to rise. Recently, several LTC carriers have substantially increased or are increasing premiums for existing policyholders and are now offering options to minimize these rate hikes by reducing benefit features. If you have questions navigating your existing policy options or want to learn more about long-term care coverage, please email us at info@benchmarkfinancial.info to obtain some information from our independent Long Term Care Specialist.

(1) Prices are for a semi-private room. Source: Genworth's 2016 Cost of Care Survey

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