

# Long-Term Care Insurance

## **What exactly is long term insurance and is it worthwhile for me to purchase?**

With long-term insurance (LTCI), you are guaranteed to be paid a certain amount of money towards care for a specified length of time. Indemnity-type insurance distributes the money to caregivers and pays the daily benefit directly to insured party; this type can be easier because there is much less paperwork and more flexibility about how the money can be spent.

There are good arguments for and against purchasing this type of insurance, and every person's situation will differ. Even though Long-Term Care Insurance can be costly up front, it could save you from paying much more in the long run. The home care coverage that is included in the policies could possibly allow you to live independently for a longer period before having to switch to assisted living.

Since the price of this service increases with time, if you choose to purchase it, it is much better to do so earlier than later. If this policy is too expensive for you, it may be a better idea to apply for Medicaid. Some of these policies may not give you enough money to stay at home and will force you into assisted living if you don't have sufficient funds to support yourself and your personal help

## **What features should I look for in a Long-Term Care Insurance Policy?**

The four main factors that you will want to take into consideration when looking for a LTCI policy are: flexibility, eligibility, inflation, and duration.

### Flexibility

Check to make sure that the flexibility of your policy allows for personal help so you can stay in your home for as long as possible before assisted living is absolutely necessary. Some of the policies will allow you to be paid cash for you to distribute as you please.

### Eligibility

Make sure that your policy will pay for more than just what is medically necessary. These policies may not cover all of your needs.

### Inflation

Make sure that you are protected against inflation; you can place a clause into the policy that your payout adjusts 5% annually to cover you against raising prices.

### Duration

Remember that a policy which lasts 5 years is probably more than you would need. A policy of two to three years will generally be enough.

## **Do I really need Long-Term Care Insurance?**

Over 40% of the American population will eventually need to be in a nursing home or an assisted living facility. Your chances of needing this depends on a number of health factors.

## **What is the elimination period?**

The elimination period is the time you will need to wait from the time you are ready to get the long-term insurance to the time in which you will actually receive it. This period of time is negotiable in the terms of the contract and the longer this time period is, the cheaper the premium.

## **How are Long Term Insurance Companies rated?**

These companies are rated in the same manner in which stocks and bonds are rated, through Standard and Poor's.

## **How can I ensure that I have adequate coverage?**

- Make sure that your policy can be renewed every year.
- Know that if you are disabled, yet able to work part time, you will still receive coverage.
- Choose a waiting period (elimination period) of three to six months, to keep the premium down, and then set aside a nest egg for that time.
- Make sure you will be eligible to receive coverage until the age of 65, when your retirements will kick in.
- Make sure that the policy will pay if you cannot perform the work in your field.

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