

Issue Brief: Do I Need Long-Term Care Insurance?

The most compelling reason for someone to purchase long-term care insurance is to simply alleviate the worry that a long-term care incident could wipe out a lifetime's worth of financial achievements. In essence, it may be preferable to incur a certain but relatively small loss—the cost of the premiums—instead worrying about the unknown and the potentially catastrophic cost of a long-term care event.

Most annual premiums for an individual will range anywhere from \$1,000 to \$5,000 but there are many variables when determining the cost. These include age, monthly benefit, inflation option, elimination period, benefit period, spousal discount, preferred health discount, indemnity versus reimbursement, and premium payment period. Although it is significantly more expensive, we've found most of our clients prefer a lifetime benefit period, which provides the best protection against an extreme event.

When determining coverage, it's important to distinguish between care in qualified facilities and non-qualified facilities, such as home care, because some policies contain different benefits for each. Our clients typically prefer preserving the option for home care, so we pay special attention to the home care benefits, also sometimes referred to as community benefits.

Seek the advice of a fee-only insurance advisor to help you objectively determine the long-term care policy, if any, which is best suited for your situation.