



# Consider the Value of Long-term Care Insurance

*How can you cover the costs of future care for you and your loved ones?*

Individuals who have worked hard and built up assets over the course of their careers may be particularly concerned that their savings could be affected by a long-term care event. As the costs associated with long-term care continue to rise, even those with substantial incomes and adequate retirement savings may be wondering how they would cover the costs of future care for themselves or their loved ones, should the need arise.

Just as most employers provide health and retirement benefits, growing numbers of companies are offering group long-term care insurance as part of their benefit packages. Providing access to long-term care coverage can help to ease employee concerns about how they will fund future care. Designed appropriately, the addition of long-term care insurance to a company's benefit package can help a business meet its recruitment and retention goals.

## **Employee Benefits**

While employers may offer long-term care insurance as a voluntary, employee-paid benefit, employees may be more likely to value the benefit when employers also contribute to the policies. In some cases, employers may purchase a "core" long-term care insurance benefit for each employee, giving employees the option of purchasing additional benefits or higher benefit levels. Employers wishing to offer more comprehensive long-term care insurance benefits can help control the cost of premiums by

imposing vesting and/or waiting periods for enrollment. In certain cases, employer contributions to long-term care insurance plans may be tax deductible to the employer and excludable from the employee's income.

## **Medicare and Medicaid are not Automatic**

It's common to underestimate the cost of long-term care and overestimate the funding that will be available through public programs and private health insurance. In reality, Medicare only covers short-term care. It may also cover some nursing home or assisted living costs, but only for a limited number of days of "skilled care" following a hospital stay. Consequently, Medicaid has become the primary source of public funding for long-term care. But, because it is a government program designed to help those in financial need, individuals must "spend down" their personal assets and meet the Federal poverty guidelines before qualifying for assistance.

Long-term care insurance can help cover long-term care expenses before an individual becomes eligible for Medicaid. Long-term care insurance provides a daily, set amount of coverage that can be used to help pay for home health care, an adult day care center, an assisted living facility, or a nursing home. The cost of a policy varies with the daily benefit amount chosen, the maximum benefit amount, and the elimination period (the number of days for which the insured is responsible for his or her own care

before benefits begin). Long-term care insurance policies can be customized to include inflation protection, which helps ensure that policy benefits keep up with the rising cost of health care by increasing the benefit in line with inflation. It is important to note that there may be an additional premium for adding any riders.

Long-term care insurance can be a valuable addition to help you prepare to cover the costs of a future long-term care event – for you and your loved ones. Make sure you talk to your financial advisor so you pick the right protection.