



The top FIVE reasons to consider buying Long Term Care insurance NOW

by Peter Gelbwaks, CLTC

The top FIVE reasons to consider buying Long Term Care insurance NOW:

1. **AGE** – None of us are getting any younger and for every year you wait to buy (after age 50) it will cost 5-12% more premium for procrastinating, and that additional cost will be EVERY YEAR for the rest of your life. The first wave of Baby Boomers begin turning 65 in January 2011 and if you are part of that group and have not purchased this coverage yet, make sure you apply BEFORE your next birthday, as this could save you \$2000-\$3000 over your lifetime for the identical coverage .
2. **HEALTH** – The great majority of us do not get healthier as we age (just like we do not get any younger) and the insurance carrier underwriters know this fact well. Because of this, it becomes more and more challenging to qualify for this type of policy if you wait until you think you will need it. Then, if you do, regardless of your age, you will definitely not find any good coverage available.

Current Long Term Care insurance industry statistics* tell us that:

Under age 50 age group - 90.5% qualify for coverage
50 - 59 age group - 86% qualify for coverage
60 - 69 age group - 77% qualify for coverage
70 - 79 age group - 55% qualify for coverage
80 & over age group - 34% qualify for coverage

**Data from the American Association for Long Term Care, 2010 LTCI Sourcebook*

Also, keep in mind that virtually all the carriers in this field offer good health (preferred rate) discounts of anywhere up to 20% (depending on the carrier) and if you qualify for this important reduction in premium, it will NEVER be taken away from you in the future once you own the policy.

3. **PRICE** – In addition to both the factors mentioned above, carriers have finally come to understand that once people buy long term care insurance coverage they don't lapse these policies!! Depending on the individual carrier experience, up to 99% of policyholders keep their policies in force until death. That being the case, as these policyholders age, more people are filing for claims than was expected by the pricing actuaries, which in turn has caused carriers to have to offer their newer policies at higher rates than the ones they sold in the past. They have also asked for rate increases on the older policies. In addition, new regulatory consumer protections make it very difficult for carriers to get rate increases approved on the policies they are offering for sale today.

What does that all mean in plain language? If you are waiting for some future point before you buy Long Term Care insurance because you think the carriers will sell this coverage at lower prices, you will be greatly disappointed.

4. **CARRIER SELECTION** – No one feels sorry for the insurance industry these days and that may be justified, but the reality is that this is one area of coverage that has NOT been a profit center for companies offering this protection. There are considerably fewer carriers available to choose from than in past years and the trend continues moving in that direction, as all companies look for "bottom line" profits. Time is of the essence for you as the buyer, because once you buy this coverage, it will be GUARANTEED by the company to be renewed (as long as you pay premiums on time) even if they stop selling it in the future and there are still some well branded, top rated carriers offering Long Term Care insurance TODAY.
5. **POLICY DESIGN** – There has never been a period since the introduction of Long Term Care insurance coverage over 3 decades ago, that so many types of LTC plans were available at the same time. As younger buyers and business people started showing interest in this type of coverage, policies have been created to satisfy their needs and desires and at the same time "traditional" coverage is still being offered for the somewhat older buyer.

Here is just a brief sampling of the most popular current offerings:

1. Traditional reimbursement plans - cover costs for bills associated with nursing home, home health care and assisted living expenses
2. Indemnity plans- pay the specified agreed upon amount in the contract regardless of the actual bill for services as long as a bill exists
3. Cash Benefit plans- once a benefit eligibility is determined ,TAX FREE (up to \$105,850 in 2010) CASH is paid to the policy owner and no services or bills need to be provided
4. Linked benefit/combination plans- traditional long term care and life or annuity coverage in one single policy – usually offered on a single premium basis with a 100% money back guarantee
5. Worksite plans- any of the above plans offered to multiple employees with limited underwriting and/or group discounts
6. Limited payment plans- any of the above coverage offered with premiums paid for only 1-20 years instead of over an entire lifetime therefore limiting exposure to future rate increases

The demand is upon us to at least address the issue of aging (your loved ones or your own) and the possible need for outside assistance with activities of daily living in the future. The financial devastation that will occur for so many of us, can and should be avoided, as the already complicated physical and emotional strain that takes place in caring for a disabled loved one takes its toll on our entire country.

For more information:



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