

Long Term Care Insurance

Protecting Your Assets from the Risk of Chronic Illness

A prolonged illness requiring long term care can have a profound financial impact on an estate. Proper planning can help minimize the chances of a potential asset depletion due to the costs associated with long term care.

Long term care insurance steps in if you develop a health condition that requires you to receive care and supervision. This could mean home health care, nursing home care or personal or adult day care. Many people believe that Medicare or Medicaid will cover their care expenses, but this is often not the case. Without long term care insurance in place, you may deplete your savings or have no choice but to rely on a family member for care. Long term care insurance can protect your assets, spare your family from financial and emotional stress and put you in control of your health decisions.



Do I need long term care insurance

There is no way to know for certain if you will someday require long term care either in your home or in a specialized facility. But it's likely when you consider that people are living longer than ever and that the U.S. Department of Health and Human Services reports that 69% of people will use long term care services at some point.¹

What kind of care does long term care insurance cover

Long term care insurance typically covers both in-home care and care received at a specialized facility like an adult day care, an assisted living facility, a nursing home or a memory loss unit.

When should I buy long term care insurance

Today, most long term care insurance policies come bundled with life insurance coverage. Because both long term care insurance rates and life insurance rates generally increase with age, it's best to start shopping for a hybrid life insurance and long term care policy when you're in your 40s or 50s. That said, you can still buy a policy if you're in your 60s or older—just know that you'll probably pay more than someone who is younger.

¹ U.S. Department of Health and Human Services

² Genworth's Cost of Care Survey

What are my options for long term care insurance

There are three main types of long term care insurance: traditional long term care insurance, hybrid long term care insurance and life insurance with a long term care rider. Each type of coverage has different pros and cons worth considering.

How much long term care insurance do I need

There are many variables that go into deciding how much long term care insurance you need. They include your budget, health history, family's health history, financial situation and the cost of care where you reside.

How much does long term care cost

While the cost of long term care varies by facility and by where you live, it's safe to say the cost is considerable. Long term care costs range from \$19,500 per year for adult day care to \$102,200 per year for a private room in a nursing home.²

This kind of expense can quickly reduce the value of your nest egg, which is why long term care insurance is such an important coverage to consider. Many people are surprised to learn that long term care coverage costs less than they imagined. You may even be able to deduct the cost of long term care insurance premiums from your state and federal taxes.

Long Term Care: What is the Best Fit?



Long term Care Insurance:

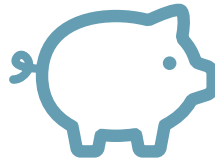
Protect your assets from an extended health care event.

Pros:

- Inflation protection
- Care coordination "Concierge Health Care"
- Maximized long term care insurance leverage while minimizing premium commitment

Cons:

- Premiums not guaranteed
- "Use it or lose it" premium (no cash value or return of premium)



Asset Based Hybrid:

Protect your assets and retirement savings from an extended health care event while retaining maximum flexibility.

Pros:

- Standardized benefit trigger
- 1035 exchanges
- Tax advantages

Cons:

- Opportunity cost (if single premium option is selected)
- Not the same tax advantages for business owners



Life Insurance:

Maximize your death benefit with retaining moderate flexibility.

Pros:

- Largest death benefits
- Relatively low premium cost for rider
- Better suited to pay for benefits on a monthly basis, if needed

Cons:

- If long term care is needed, reduction of death benefit
- No return of premium
- Benefit triggers not standardized



Fixed Or Indexed Annuities:

Long term care options late in life with potential health care concerns.

Pros:

- Limited or no medical underwriting
- 1035 exchange tax advantage could turn tax deferred growth to tax free long term care payments

Cons:

- Limited or no inflation protection
- Typically, no care coordination
- No tax advantages for business owners



Self Funded:

Access to money now.

Pros:

- Zero up-front costs while retaining liquidity

Cons:

- Not a health care plan
- No care coordination benefit
- Tax timing consequences



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