

## LTC Planning

# A Caregiver's Guide to Long Term Care Insurance

**Is home care the answer? How will becoming a primary caregiver alter your lifestyle? Does it make sense to purchase long term care insurance for your parents?**

### SOME FACTORS TO CONSIDER

- Do you live near your parents?
- Do you have your own family?
- Do you have siblings who can help?
- What financial resources are available?
- Will your parent(s) be able to pay for their own care? Your parent(s) may appear to have adequate financial reserves now, but long term care is expensive. Depending on where you live, home care can cost up to \$47,800 a year and nursing home care can cost more than \$57,765<sup>1</sup> a year.

### WHAT IS LONG TERM CARE?

Long term care is the type of help you may need when you are not able to perform daily activities such as eating, bathing and dressing by yourself due to a lengthy illness, disability, or cognitive disorder. Typically, it's not provided by doctors or skilled nursing professionals and its goal isn't to cure you of an illness. You might receive care at home, in your community, in a nursing home, or in another residential setting.

### CHANCES ARE, SOME DAY YOU MAY BE RESPONSIBLE FOR THE CARE OF AN AGING PARENT

Thanks to healthier lifestyles, advances in medicine and improved living, many of us can look forward to having our parents share our lives for years to come. The latest average life expectancy for a man is 74 and for a woman it's 79.<sup>2</sup>

If you're fortunate, your parents are independent and in good health. Sooner or later, though, that situation may change. You may find that you're responsible for arranging for their care, or for taking on the role of primary caregiver.

### WHEN CARE IS NEEDED, WHAT ARE THE OPTIONS?

Your parents may maintain their health and independence for a lifetime. But you may also find yourself faced with helping one or both of them choose from a number of living arrangements and care options. Most fall into these general categories:

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- **Independent living.** Your parent(s) live in their own home or rent an apartment and provide for themselves. You offer help and guidance when necessary or hire help.
- **Assisted-living community.** Your parent(s) live independently in a facility that provides some additional support, such as light housekeeping or daily meals. The facility may or may not have a nursing care option available for residents who become ill.
- **Adult day services.** A community-based group program helps meet the needs of your parent(s) through an individualized plan of care. These programs provide a structured program in a protective setting for a part of each day.
- **Home care.** You become responsible for seeing that your parent(s)'s needs are met around the clock. You can move in with your parent(s), or have them move into your home. If necessary, you can become the primary caregiver or hire home health care professionals.
- **An intermediate care or skilled care facility, such as a nursing home.** These facilities are designed for people who need continuous, professional care at some level. This is the least desirable option – often people dread the idea of nursing homes – but it may become necessary.

## WHEN IT COMES TO LONG TERM CARE FOR YOUR PARENTS, WHAT ARE YOUR OPTIONS?

Becoming a primary caregiver for a parent can alter your lifestyle dramatically. Everything from your family life to your social and work situation can change. Consider taking these steps:

<sup>1</sup> MetLife Mature Market Institute, *Market Survey of Nursing Home and Home Care Costs*, August, 2003

<sup>2</sup> Department of Health and Human Services, *National Vital Statistics Report, Preliminary Data for 2001*, March 2003

<sup>3</sup> Center for Aging Research & Education, 2000

- Talk to your parents and/or siblings about their plans.
- Have a financial professional talk to them for you if you don't feel comfortable with the subject.
- Consider paying the long term care premiums for them, either yourself or with the help of other family members.

Help your parents preserve their independence and maintain control of their retirement years. Most people do not want to be a burden to their children.

## FICTION AND FACT ABOUT LONG TERM CARE

*Fiction: Long term care insurance is too expensive.*

**FACT: Few adults understand the cost of purchasing long term care insurance.** In fact, in a recent survey 75% of those questioned overestimated the costs by more than 300%<sup>3</sup>! The real danger comes when people underestimate the costs of long term care and are often faced with insurmountable costs that quickly deplete their life savings. Actual premiums depend on many factors, but in general, the cost of coverage is far more affordable than actual costs for long term care.

*Fiction: My parents are too old to be eligible for long term care coverage.*

**FACT: Most companies offer policies to individuals between the ages of 40 and 84.** If your parents are in reasonably good health and can still take care of themselves, you can probably purchase long term care insurance for them. Remember, too, that age limitations apply only at the time of purchase, not at the time the benefits are used.