



Planning A More Secure Future

As The Cost Of Long-Term Care Increases, It Pays To Know Your Options

(NAPS)—According to AARP, there are 10,000 people turning 65 every day—a figure that is expected to be consistent until 2030. As these Americans continue to prepare for and enjoy their retirement years, more and more are factoring the cost of aging into their financial plans. For good reason: The Administration for Community Living, a part of the Department of Health and Human Services, estimates about seven in 10 people turning 65 will need some type of long-term care services either at home, in their community, or in a facility.

Long-term care can be costly and it is an expense many people have not planned for. “Long-term care expenses are generally not covered by health insurance and coverage provided by public programs is limited, so an unexpected need for care can create a large financial burden and put other savings and assets at risk,” said Aaron Ball, Senior Vice President, New York Life Insurance Company. “Fortunately, Americans have several options to ensure they have more control over how and where they age,” adds Ball.

Long-term care planning options

There is no one-size-fits-all solution when it comes to planning for a long-term care event, so it's important to know what options are available to determine what will meet your unique needs.

‘Pay your own way’: Often referred to as self-funding or self-insuring, this option relies on using existing money or assets to fund long-term care needs out-of-pocket.

Medicaid: Although Medicaid does cover long-term care services, it's an assistance program for people with limited incomes and minimal assets. It's important to determine whether you qualify before depending on this option.

Private insurance: There are several types of private insurance products designed to help cover the costs associated with a long-term care need:

- **Standalone or traditional long-term care insurance** offers the most comprehensive long-term care benefits, covering a wide range of services including care at home, in the community, or in a facility.



Chances are you or someone you care about will need long-term care at some time.

- **Linked benefit products** (also known as hybrid or combo products) allow people to combine two or more coverages in one policy—most commonly life insurance with long-term care coverage. As you are paying for both coverages, you generally receive fewer long-term care benefits for your premium dollar when compared to a standalone policy.
- **Riders**, such as chronic care riders on life policies, offer the most basic coverage, allowing a portion of the policy's death benefit to be accessible should you become chronically ill.

“It's important to evaluate your financial picture as well as your desires for how and where you might receive care if and when a long-term care event occurs,” explains Ball. “For many people, even a small standalone long-term care policy can provide access to important benefits that can help manage a long-term care event and avoid spending down assets that would otherwise be used to help fund retirement.”

Whether you decide to pay for long-term care out of pocket, rely on Medicaid, or purchase private insurance, it's important to make your plan sooner than later. Insurability for private options is based on your health and medical history and is usually subject to underwriting. Locking your insurability in at a younger age and lower rate is likely to give you the most bang for your buck.