



Is Long-Term Care Insurance Right for You?

The story is all too familiar. A couple has been careful with their money all their lives and has saved a reasonable amount for retirement. But then a long-term illness strikes. Nursing home care is required, with a bill that could run as high as \$50,000 a year. It doesn't take long to run through their savings, and soon they're in a desperate financial situation.

For some people, buying long-term care insurance may be a good way to guard against this. Long-term care insurance can provide coverage for nursing homes, home health care, assisted living and adult day care.

The main drawback of the insurance is its cost. One standard policy that provides a maximum daily benefit of \$125 for a four-year term would cost \$1,238 annually if purchased at 55. The longer you wait to purchase it, the more it costs. Put it off until 65 and you'll pay \$2,175. Wait till age 75, and the cost will be \$4,838. (There's also an increasing chance that you won't be insurable.)

"Long-term care insurance is a good option for many to prepare for the future," according to Carol A. Wendel of Pollack & Associates. "But, it's important to look into all the facts before you decide to buy it." AARP has put together these factors to consider in deciding whether long-term care insurance is right for you.

- If your income is low or will become low in the years ahead and you have few assets, long-term care insurance may not make sense, because you may qualify for Medicaid benefits when the time comes.
- If you have family and friends who can provide a portion of your long-term care, you may have less need for it.
- If you already have enough money to cover out-of-pocket expenses for long-term care, you may not want the insurance. Talk with a financial advisor or lawyer.

Deciding when to buy should be based on your health, family medical history, finances, and other factors. Some companies may offer a discount if you purchase the policy when you're in good health. In Delaware, you can get free counseling from the Delaware Insurance Department by calling their consumer hotline at 800-282-8611. Remember to also ask for a list of long-term care insurance policies approved for sale in Delaware. Other states may have similar free counseling. Make sure the company you're buying from has a good history and is financially stable.

Additional Resources

AARP Webplace (www.aarp.org) has information about long-term care insurance and other related topics.

The Health Insurance Association of America (www.hiaa.org) offers a variety of useful information.

The United Seniors Health Council (www.unitedseniorshealth.org) specializes in consumer health and health insurance issues.