

A Consumer's Guide to Long Term Care Insurance



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When planning for the future, many people close their eyes to a significant fact of life. One day, they—or someone close to them—may suffer a chronic condition requiring care at home, in an assisted-living facility or in a nursing home. If this occurs, it can be emotionally distressing. If it lasts long, it can be financially devastating as well.

The good news is your retirement years can be comfortable and secure even if you do encounter health problems. But it doesn't happen automatically. You need to have a plan. You need to take action.



The Longevity Alliance Consumer's Guide to Long Term Care Insurance can help. It provides a quick, objective assessment of your need for long term care insurance. It explains your options in simple language, so you can confidently choose the best strategy for your needs. And, it gives you a helpful overview of what to look for in a good policy and how to get started.

This informational booklet is just one example of *The Longevity Way* of helping you feel comfortable and confident with the insurance decision you make. So once you've read through this information, give us a call for more information, quotes and guidance about selecting a plan that is right for you.

About Long Term Care

Q. What is long term care?

A. Thanks to advances in medical technology and healthier lifestyles, people are living longer than at any time in history. However, as people age, they suffer chronic conditions such as arthritis, heart disease, stroke and memory loss. Long term care is the help needed to cope – and sometimes survive – when this type of chronic disability impairs your capacity to perform the basic activities of daily living. It is a broad range of supportive medical, personal and social services. Depending upon the level of care you need, those services can be provided in your home, an adult day care facility, an assisted living facility or nursing home.

Q. What are the odds you will need long term care?

A. Greater than you think. Consider these statistics:

- An estimated 70% of people over age 65 will need long term care services at some point in their lives.¹
- By 2050, as many as 13.8 million people over age 65 will have Alzheimer's disease.²
- More than 40% of people using long term care services are between the ages of 18 and 64.³

Q. What does long term care cost?

A. Long term care can be very expensive. Consider these facts⁴:

- A one-year stay in a private room of a nursing facility costs an average of \$83,950.
- Care at home costs an average (25 hours per week) of \$24,700.
- On average a room in an assisted living facility costs \$41,400.

To learn more about the costs of care in your state or the state you may be retiring to, visit our website www.iQuote.com and [click on Long Term Care Resources](#).

¹Nursing Home Current Resident, Rev. Nov. 2010.

²2013 Alzheimer's Disease Facts and Figures, March 2013, alz.org.

³Medicare & You, National Medicare Handbook, Centers for Medicare and Medicaid Services, Nov. 2012.

⁴Genworth 2013 Cost of Care Survey, March 2013.

Q. What is the average length of stay for a nursing home resident?

- A. The average length of stay is 835 days, more than two years, according to the government’s National Nursing Home Survey, 2012. Before entering a nursing facility, many receive care at home or in an assisted living facility. So you can see how the costs can mount up!

What Does A Day In A Nursing Home Cost?

AK \$701	FL \$250	LA \$160	NC \$212	OK \$152	VA \$230
AL \$191	GA \$185	MA \$365	ND \$250	OR \$254	VT \$295
AR \$165	HI \$398	MD \$274	NE \$198	PA \$286	WA \$263
AZ \$237	IA \$176	ME \$285	NH \$330	RI \$305	WI \$265
CA \$268	ID \$237	MI \$255	NJ \$332	SC \$201	WV \$251
CO \$239	IL \$193	MN \$219	NM \$219	SD \$203	WY \$208
CT \$416	IN \$235	MO \$159	NV \$245	TN \$196	
DC \$288	KS \$172	MS \$208	NY \$344	TX \$168	
DE \$294	KY \$223	MT \$218	OH \$225	UT \$198	

Rates quoted are for a private room; median annual cost rounded to the nearest dollar.
SOURCE: Genworth 2013 Cost of Care Survey.

Q. If the risk and cost are so high, why don’t more people have long term care insurance?

- A. There are a number of reasons. Some people mistakenly believe long term care is covered by Medicare or a Medicare Supplement plan or health insurance. It is not.

When it comes to long term care, the Medicare rules are very specific. It pays only when your care follows a hospital stay of at least three days; is given in a skilled nursing facility approved by Medicare; is given pursuant to a physician’s written plan of care; and is daily skilled nursing care per benefit period.

Remember, most long term care is custodial care, not skilled nursing care. In a “limited” number of cases Medicare will pay for long term care services at home.

Meet Mary Ann

My husband passed away last year after a long battle with cancer. He handled all of our finances during our 30 years together, and now I was forced to take on that frightening burden. My two sons, who live in New York (I live in Florida), helped me find a local financial planner that the three of us met with. I'm happy to learn that I'm in good financial shape! The question that Matt, my financial planner, asked was who's going to take care of you if your health changes and you can no longer be left alone? I certainly don't want to be a burden to my sons. Therefore, Matt recommended purchasing a long term care insurance plan that would allow me to remain independent and pay for my care expenses in my home, assisted living facility, or nursing home. I have my long term care insurance plan now that gives me the security that my family is protected.



Q. Does health insurance or Medicare insurance cover long term care?

A. No. Medicare Supplement (Medigap policies) and Medicare Advantage policies cover hospital and medical costs and coverage is based upon what Medicare pays. So, depending upon your plan, it may pay part of the charges for long term care services following a hospital stay; however, neither plan covers long term care needs after that. You are on your own.

Major medical insurance, like Medicare, covers doctor and hospital care. It does not cover custodial or long term care, except under limited circumstances spelled out in your policy.

Q. Will Medicaid cover long term care?

- A. Medicaid, the federal/state welfare system that finances health care for the poor, will pay your long term care bills. But to qualify, you must exhaust virtually all of your income and assets. Then, and only then, will Medicaid pay; and you seldom have a choice of where you receive care.

Q. What are the options to pay for long term care?

- A. When it comes to paying for long term care, you can: (1) Do nothing and hope for the best; (2) Spend down to the poverty level and let the government pay your bills; (3) Spend your personal savings; or (4) Transfer the risk to an insurance company.

Q. How do I determine the best strategy for me?

- A. Which alternative is right for you depends on the status of your health and your net worth. Here's a rule of thumb: If you are relatively healthy and have a net worth over \$200,000, you should seriously consider private long term care insurance. For most, covering long term care costs is the single most important insurance purchase you can make to ensure a secure retirement.

Meet Martha and Fred

My wife and I were enjoying our retirement in Sun City, Arizona, and last year purchased our dream summer home in Prescott. We had heard about long term care insurance but never thought we'd need it. Our parents and grandparents never needed it as they died of heart disease and cancer. Sadly, my wife had a stroke this year at age 60. She's now in a nursing home, which is costing me \$8,000 per month and is eating away at our retirement savings. I have our Prescott home up for sale to help cover the cost. I was thinking of buying a long term care insurance plan for myself now, but I simply can't afford it with my wife's care expenses. I wish we would have purchased long term care insurance when we were younger and healthy.



About Long Term Care Insurance

Q. *What is long term care insurance and why should you consider it?*

A. Long term care insurance allows you to transfer the risk of needing expensive long term care service to an insurance company in return for the payment of a premium. You should consider this type of policy to protect your income and assets, assure access to top-quality care and avoid dependence on others — including your family and the government — and provide peace of mind for your family.

Q. *How do long term care policies work?*

A. That's easy. You pay a premium based on your age when you apply. The insurance benefits are made available to you if you need long term care in the future and meet the requirements in the policy. It's like setting up a "rainy-day" account at your bank for pennies on the dollar.

You design the plan to fit your needs and your budget. You begin by making five choices:

1. **Your benefit period.** This is the length of time, after you file a claim, that the insurer will pay you a set dollar amount per day or month (depending on the policy) to cover the cost of your care. Choose anywhere from 1 year to 10 years.
2. **Your nursing facility benefit amount.** This is the maximum amount per day the insurer will pay for your care in a facility, such as a nursing home or assisted living facility. The minimum and maximum you can choose per day or month varies between companies.
3. **Your home care daily benefit amount.** This is the maximum amount per day the insurer will pay for at-home care. Most companies ask you to select the amount you want in terms of a percentage of your nursing facility benefit. Typical options include 100%, 75% and 50%, with additional options available.

4. **Your elimination period, or deductible.** This is the number of days that you must pay out of pocket when you first need care and before your policy begins to pay. Choose from first day coverage up to a one-year wait. 90 days is a commonly chosen period.
5. **An inflation protection option.** Available for an additional cost, this feature will increase your daily maximum amount over time to help keep your benefits up with inflation. Common inflation options are 3% compound, 5% compound, and 5% simple.

Q. How do you determine the total benefit value of your policy?

- A. The total value of your policy is determined by multiplying the number of days in your benefit period by your daily or monthly benefit. This is often referred to as the pool of money you will have available to you to spend on covered long term care expenses. For example, if you select a benefit period of 5 years (1825 days) and a daily benefit of \$100, your total policy value (or pool of money) would be \$182,500 ($1825 \times \100). If you elect a benefit period of 4 years (48 months) and a monthly benefit of \$4500, your total policy value (or pool of money) would be \$216,000 ($48 \text{ months} \times \4500). Of course, if you elect inflation protection, this amount will increase over time.

Q. At what age can you apply?

- A. With most companies, those 18 to 79 can apply. There are a few companies that allow applicants beyond 79. Also, most go by your age the day you sign the application. However, some go by the age nearest your birthday.

Q. What is a Shared Care Benefit?

- A. With a Shared Care benefit, if you have exhausted your maximum lifetime benefit and still need care, you can access benefits under your spouse's policy. There is an additional cost for this benefit.

Q. What is a Partnership Plan?

- A. In some states, you may be able to purchase a Partnership plan that allows you to protect some of your assets and still qualify for Medicaid

if you need more care than your long term care policy covers. In most states, you are required to spend your assets down to a low level – usually \$2000 – before you qualify for Medicaid. These plans let you keep more of your assets.



Other Resources & Links
Glossary of Terms
Cost of Care in Your State

Meet Curt and Sarah

I'm 56 and my wife is 54. I'm planning on taking early retirement next year. We've done a great job getting to this point in our life where we're financially secure and can maintain our lifestyle during retirement. We just purchased long term care insurance to protect our retirement nest egg if either of us became ill and needed long term care. This is something we never thought about until my wife's mother was in a nursing home for 4 years with Alzheimer's and we saw the costs first hand. My wife and I agreed that this really makes sense. We decided on long term care insurance plans that would pay up to \$6,000 per month, with a 3 year benefit period, and includes 3% compound inflation protection. We also added the shared care rider, which added only 15% to the cost. We liked the shared care rider because it added greater financial security if one of us needs care beyond 3 years, like my mother-in-law. For example, if my wife needs care for Alzheimer's disease and used up all of her 3 year plan benefit, with shared care, she can use my 3 year plan benefit too. In other words, either one of us could use up to 6 years to cover the long term care expenses. That gives us peace of mind!



The Inflation Protection Option Increases Your Benefits Over Time

The chart below illustrates how a \$100 daily benefit amount grows over time using different levels of inflation protection.

Policy Year	None	Simple 5%	Compound 3%	Compound 5%
1	\$100	\$100	\$100	\$100
2	\$100	\$105	\$103	\$105
3	\$100	\$110	\$106	\$110
4	\$100	\$115	\$109	\$116
5	\$100	\$120	\$113	\$122
6	\$100	\$125	\$116	\$128
7	\$100	\$130	\$119	\$134
8	\$100	\$135	\$123	\$141
9	\$100	\$140	\$127	\$148
10	\$100	\$145	\$130	\$155
11	\$100	\$150	\$134	\$163
12	\$100	\$155	\$138	\$171
13	\$100	\$160	\$143	\$180
14	\$100	\$165	\$147	\$189
15	\$100	\$170	\$151	\$198
20	\$100	\$195	\$175	\$253
25	\$100	\$220	\$203	\$323
30	\$100	\$245	\$236	\$412
35	\$100	\$270	\$273	\$525

5 Tips for Getting the Best Long Term Care Plan

- 1. Insist on a large, well-rated, experienced insurance company.** Here's what we recommend for Longevity Alliance clients: The insurer you select should be rated "Excellent" by A.M. Best and "strong" by at least two other independent agencies like Standard & Poor's and Moody's. Also, the insurance company should have been in business at least 50 years and have at least ten years experience underwriting long term care insurance.
- 2. Make certain you understand the benefit triggers.** These are the requirements you have to meet before the insurer pays you benefits. Those usually include: an inability to perform two of six basic activities of daily living or a cognitive impairment for a period of more than 90 days. You only have to satisfy one. Note: A written plan of care prescribed by a licensed health care practitioner is required.
- 3. Look for a plan that pays sufficient benefits for an adequate period.** Consider the cost of care in your area and purchase insurance to cover at least 90% of that cost. We generally recommend a policy with at least a three-year benefit period.
- 4. Insist on a policy that offers inflation protection.** This option is available for an additional cost and allows your benefits to increase over time. That's important because we know that the cost of care will increase over time and you want your benefits to keep up with the cost of care. Most plans offer you a choice of 5% compound, 3% compound or 5% simple. See our chart on inflation protection to see how your benefit grows over time.
- 5. Insist on a plan that is reasonably priced.** This may sound obvious, but bears mentioning. Make sure your premium fits comfortably into your budget until the time you might need long term care.

If you insist on these strict guidelines, you'll sleep well knowing your company is reliable, your coverage is comprehensive and your premium is reasonable. If you have any questions, please call our Longevity Alliance long term care advisors at **1-800-587-3279**.

Applying for Long Term Care Insurance

Q. How do you apply for a long term care policy?

- A. Once you have selected a policy and your coverage options, you complete an application and submit it with a small deposit (usually two months premium). Your eligibility is based upon your answers to questions on the application, a review of your medical records, and in some cases, a phone or face-to-face interview with a nurse. The approval process usually takes four to six weeks. You'll be glad to know there is no risk for you to apply. By law, every policy comes with a 30-day money-back guarantee. If you change your mind, you can receive a complete refund by simply returning your policy during the free-look period.

Q. Can you change your coverage selections later?

- A. You can **decrease** benefits at any time in the future and there is no downside to do so. Most companies will reduce your benefit amount or benefit period and reduce your premium proportionally. And the good news is they will base your rate reduction on the premium schedule that was in effect the day you first applied. **Increasing** benefits usually requires you to re-apply at your current age. Typically that is not recommended. Check to see if your policy has a "guaranteed purchase option (GPO)" which does give you the opportunity every few years to buy more coverage at your current age and at current rates. (Note: GPO is a form of inflation protection.) If you need to increase existing coverage and don't have a GPO, we recommend you apply for a new policy and keep your existing policy.

Q. Can you use your coverage in other states?

- A. Yes, by law, you can use your benefits in the United States and its territories. Some policies extend coverage to Canada and some extend it worldwide.

Q. At what age should you apply?

- A. The sooner, the better. Here are three good reasons not to delay:
1. Your premiums are based on your age at the time of application. So the sooner you apply, the easier and less expensive it is to get coverage.
 2. Once you are approved, your rate does not increase because you get older or your health deteriorates.
 3. The longer you wait, the greater your chance of becoming uninsurable. Your eligibility is based on your physical health and mental acuity at the time of application. So the sooner you apply, the easier it will be to get coverage.

Q. How do you find the best policy for you?

- A. There's really only one way. Do your homework and then comparison shop. That's right. You must take the time to thoroughly compare different companies, policies and premiums because they can vary widely among insurance companies. And that's where ***The Longevity Way*** of buying insurance can help.

Once we have a good understanding of your needs, we will shop and compare plans among a choice of leading long term care insurance companies. We'll work with you to identify the best plan design and company for you. We're there every step of the way from helping you explore your options to comparing the pros and cons of plans based on your needs. Then we'll help you apply for the plan that best matches your long term care needs. There is no obligation or cost to you for our service. For a free consultation, please call toll-free at **1-800-587-3279**.

Q. Are there tax deductions available for long term care insurance premiums?

- A. If you have a tax-qualified long term care policy (which includes most policies that pay based on activities of daily living or cognitive impairment) you may be able to count your premiums as a tax-deductible medical expense. Medical expenses are tax-deductible if

they exceed 10% of your adjusted gross income (or 7.5% if you are 65 or older). Some states also have a tax credit or deductions available. For more information, visit our [Answers and Advice](#) blog at www.iQuote.com and always check with your tax advisor on your situation.

Q. What if you can't qualify for long term care insurance?

- A. We also offer a Critical Care insurance policy that might be able to help you with the future costs of long term care. It pays you a cash benefit based upon the diagnosis of common medical conditions that often lead to long term care. You use the cash benefit as you wish. To learn more about this option, simply ask your Longevity Alliance long term care advisor for information and quotes.

Meet Terry and Pat

We did it; we bought our long term care insurance plans and feel great that we got this out of the way and are protected against the future unknown. Why did we buy now? I'm 49 and my wife is 46. My brother Larry was just diagnosed with Parkinson's disease at age 52. I never thought it would happen to him or me, but who knows. It's a real eye opener on how this can affect the family, both emotionally and financially. My sister-in-law had to leave her job to take care of Larry. This has become a tremendous strain on the family and, with both of them not working, they're quickly eating through their savings. Our future is protected with our long term care insurance plans.



About Longevity Alliance

Q. What is Longevity Alliance?

- A. Longevity Alliance is your trusted source of advice for insurance products to help protect people against the financial risks of living a longer life. Our products include long term care insurance, Medicare health plans, life insurance and annuities. Your best interest is our number one priority.

We are a national independent insurance broker and over the years have helped thousands of people with their long term care decision. At Longevity Alliance, we believe in listening to your needs and providing you with the information you need to make an informed decision about long term care coverage.

Here's how our service can help you:

- You get an objective assessment of your need for long term care insurance.
- Your options are explained in simple language, so that you can confidently choose the best strategy for you.
- You get a comparison of personalized quotes from a choice of companies so you can see the differences and make an informed decision.
- You receive help throughout the application process and throughout the life of your policy.

Q. How does Longevity Alliance work?

A. It is really quite easy. You tell us about yourself and what's important to you. Your long term care advisor will help you design a policy to fit your needs and budget and provide you with quotes from a choice of leading long term care insurance companies. Once you select a plan, we'll help you apply. And we'll be here to help you throughout the years with any questions about the plan or other insurance needs. And to fit your busy schedule, it's all conveniently provided on the phone and through the mail and email.

Q. Do you pay extra if you buy through a service like Longevity Alliance?

A. Absolutely not! In fact, by law, every agent must sell the same policy at the same price (unless there is a special group or workplace discount). So, if an agent is quoting you a lower rate for the same company, he or she is not comparing identical options or is simply quoting a different policy with less comprehensive coverage.

Q. If the service is free, how does Longevity Alliance make money?

A. We are an independent insurance agency, so when you purchase a policy through Longevity Alliance, the insurance company pays us a fee. There is no cost to you for our service, whether you buy or not. Of course, we hope that you'll be impressed with our service, knowledge and consumer-first approach that you'll choose to purchase your policy through Longevity Alliance.

Q. Who services your policy after you become a policyholder?

A. The professionals at Longevity Alliance are here to answer your questions. Please give us a call if you move or your contact information changes so we can update our records.

Q. How are claims handled?

A. For your convenience, all claims are handled direct through your insurance company. When you receive your policy, you will be provided with a toll-free number direct to the claims department. When you are ready to file a claim, just call that number and ask for the appropriate forms and procedure. Of course, if you have any questions or run into any snags, please call us and we'll do everything we can to resolve the issue on your behalf.

Q. What are the benefits of using Longevity Alliance?

A. Longevity Alliance offers value-minded consumers:

- **Safety and Security** – We only offer policies through highly-rated, financially-sound insurance companies. Every policy, by law, comes with a minimum 30-day money-back guarantee so you can act with complete confidence.
- **Choice of Companies** – We compare companies, plans and costs and present you with options that best fits your needs. This allows you to select the plan that's right for you with relative ease.
- **Personalized Service** – Our knowledgeable staff is available to answer questions promptly and respond to your requests quickly and efficiently.

- **Expert advice** – Our long term care advisors specialize in long term care solutions. That's all they do. They pride themselves in providing you with information and advice that is timely and accurate. And with Longevity Alliance's focus on protecting people from financial risk as they age, we keep on top of current trends and changes in the marketplace that can impact you and your financial security.
- **Convenience** – We're as close as the phone and your computer, so you get the attention you require and the information you need when you need it. The entire process is handled conveniently by phone and mail.
- **No Pressure** – We know this is an important decision for your future security, so we work on your timetable and in the manner in which you are most comfortable. We will keep you posted on deadlines and decision points that impact the cost of your plan.
- **Value** – Value is price, along with service quality and financial stability of the company you are buying from. We'll help you find the right match for you and your needs and the best rates based on your age, health and state of residence.
- **Reliability and Peace of Mind** – Longevity Alliance has helped over 200,000 families to simplify the options and understand how long term care insurance fits into their retirement and financial strategies. You can relax knowing you're dealing with a reputable agency.
- **Future Needs** – If you find *The Longevity Way* of buying insurance works for you, you'll be glad to know that you will find the same type of personal, trusted service if you are looking to compare Medicare health plans or life insurance. Just give us a call and we'll connect you with one of our colleagues knowledgeable in that product area. Tell your friends too!



What Our Customers Say About The Longevity Way of Buying Long Term Care Insurance

“Thanks again for your services. Among the three long term care brokerage agencies we contacted, you were by far the best. Your website interface is excellent, and far superior to any competitors. You made the process user friendly.”

G.L., Mill Valley, CA

“Approximately seven months ago, you provided me with a long term care analysis and quotation... Your quotations were excellent... Many thanks for your fine cooperation in helping me.”

A.B.B., Public Accountant, Scotch Plains, NJ

“Have just received your quote and was pleasantly surprised by the detail of the information. Will be sending in another request for a quote for my wife and a few changes to my profile. Weeding through all the long term care information has suddenly gotten much easier. Thank you.”

J.M., Santa Fe, NM

“I have appreciated your information and help so much in making my decision about long term care. This is a serious and expensive decision to make and I did want to do the best thing for me and my children. Again, thank you for your help in supplying the information about the different companies and the costs involved.”

B.H., Kings Mountain, NC

“Sincere appreciation for your support and service regarding the long term care issues. I have given your company’s name to a couple of people.”

J.B., Bethesda, MD

“About three months ago you sent me a comparative quote of long term care offered by three insurance companies of my choice. I thank you for this excellent quote, and much appreciate this free service. This information helped greatly in my final choice of a long term care provider.”

L.P., Dallas, TX

“My wife and I wish to highly commend all associated with the processing and issuance of our policies, particularly for outstanding professional efficiency and courtesy. We will gladly recommend you to our friends.”

J.T. & K.K., Scottsdale, AZ

“Over the last few months, I had the most pleasant experience with Longevity Alliance... Through the hard work and patience of my insurance agent, I was able to secure long term care insurance at a very attractive rate. [My agent] investigated various companies and their underwriting standards for my medical history, and found one of high quality and rating... and then kept me informed through the coverage selection, application and underwriting processes. Now I have comfort in knowing that if I should require long term care that I have the protection I wanted for my family and my assets.”

G.B., Wheaton, IL

“Honestly, we have received more personal help from your long distance company than I have received from most local agents. You are doing a great job!!!”

H.H., Collins, OH

Not all policies and benefit options are available in all states. The consumer scenarios provided in this book represent a composite of customer situations and not the experience of any specific individual customer(s).

Longevity Alliance, Inc. and Longevity LTC, Inc., are licensed to sell insurance in all 50 states and the District of Columbia. LA# 425558, MA# 1844089, UT# 260353. Longevity does business under the name Longevity LTC Insurance Services, Inc. in CA; CA# 0F82027.

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