Long-term care insurance: Who should buy it?

How many products have you bought that you would rather die than have to use? Long-term care insurance, the fastest growing segment of the insurance industry, is just such a product. There are few things more dreadful than the thought of losing the capacity to take care of yourself.

Long-term care is one of the largest innancial risks Americans face. It doesn't just effect the elderly, accidents, illness and injuries take their toll on younger generations. We all know the plight of Red Wings star Vladmir Konstantinov or "Superman" Christopher Reeve.

Reeve.
Few of us want to give our life savings to a nursing home. Yet, this expense remains the leading cause of personal destitution in America.

History

Prior to 1974 we couldn't insure against the risk of long-term care. You could buy "skilled care only" policies that would pay for a recovery period, but health insurance and Medicare already did that.
Statistics can be manipulated to any-

one's advantage, but the underlying fact is we have a huge problem. Medicaid – medical welfare – is currently the only

government-funded program that will pay for most long-term care expenses. However, you must be broke to access

However, you must be broke to access the program.

Transferring assets to family members to qualify is forbidden by long 'look back' periods. Yet the program is severely overburdened and looking for ways to cut back even further. Recently, there has been talk in Washington of making the premiums a full tax deduction rather than the current medical tax deduction, but so far only talk.

Decisions

Decisions

If long-term care is such a problem then insurance is the only good answer, right? It's not that simple. There are many considerations before this insurance becomes a good solution.

First, you must come to grips with the idea that you could become incapacitation and dependent upon others. Second, you must prove you're in reasonable good health when you apply for coverage. You may be a poor risk for an insurance company, and they may refuse to insure you.

Also, the cost of long-term insurance is high, usually ranging from \$1,200 to \$2,400 per year. Prices are based upon several factors, including age, health, amount of coverage, policy features, joint application with spouse, and the company you choose. Ultimately, you

purchase insurance for one reason: peace of mind. You don't want someone else to pay for your catastrophs.

A good agent can help you with your decision. He or she knows the differences between the many policies offered. An agent should knowledgeble about the following features and options:

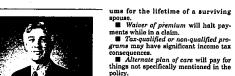
options:

Inflation protection autoinatically increase the value of the policy without escalating the premium.

Elimination period will reduce the premium but force you to now for care.

you to pay for care at the beginning of your stay (typically 30-100 days).

Survivorship will waive premi-



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policy.

Bed reservation benefit pays for your empty accommodations if you're absent due to hospitalization or family

visits.

Restoration of benefits will restore your plan to its original value if you sue part of it and then recover.

Non-forfeiture will pay a reduced benefit if you lapse your policy and then subsequently end up in long-term care.

Good policy A good policy will cover any incapaci-tation without restricting any mental or-nervous disorder. It will also pay equal-ly for any setting you choose, from home care to assisted living, nursing homes, adult daycare or hospice.

If you purchase insurance then think you've made a mistake, you'll have ample time to rectify. The state of Michigan requires all companies to allow a 30-day "free look" period in which to cancel coverage. Also, most good companies will allow additional time to modify your coverage if you want to increase or decrease.

By applying for coverage, you are simply agreeing to do SOMETHING about the potentially deventaing risk of long-term care. What you end up choosing may be substantially different from what you criginally applied.

If you think you should look into this coverage, there isn't a good reason to

coverage, there isn't a good reason to wait. The policies get costlier as you age, the cost of care continues to rise, and your eligibility may be compro-

mised by future poor health.

Mark Kirby is a long-term care specialist with GE Financial Assurance. He may be reached at his Livonia office at (734) 462-4960.

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Cranbrook House and Gardens Auxiliary. For

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Top distributor

Top distributor
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Research, as published in Electronic News in December. The
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lion in 2000 compared with annual sales of \$73.8 million in 1999.

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