Long Term Care Options

Phone: (800) 826-1126 or (301) 688-7912
Fax: (301) 688-6694
Web: www.GEBA.com
Email: geba@geba.com

GEBA
GOVERNMENT EMPLOYEES' BENEFIT ASSOCIATION

Serving Members For 60 Years 1957 - 2017

Long Term C

Why is long term care a problem?

- People are living longer and long term care can span years and can be expensive depending on the type of care and venue for the care.
- The health insurance policies (and ultimately Medicare and Medicare supplements) you have now are not designed to pay long term care costs for more than a short time.
- Family members may not live close by to assist or provide care.
- Today's costs of care are high and tomorrow's cost of care is rising.

4 Reasons to consider long term care options

1 Helps relieve financial and care-giving pressure on your family

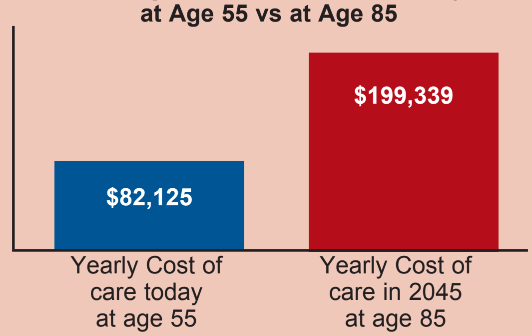
2 Can help protect your retirement assets for yourself and your spouse

3 Gets you the care you need in the setting of your choice

4 Helps you maintain your independence

Long term care insurance

Long Term Care Insurance protects you against the high and increasing cost of Long term Care. It benefits a person in the event he or she suffers from a prolonged physical illness, a disability, or cognitive impairment. It is designed to help pay for assistance with daily living, home health care, respite care, hospice care, adult day care, assisted living facility or nursing home services. Understanding what your options are and creating your strategy to cover the future costs associated with long term care is a complex decision.



Genworth 2016 Cost of Care Survey, conducted by CareScout®, April 2016

Why should you buy now?

It's true that most long term care insurance claims are made when people reach their golden years, but there's a misconception that you should wait until you're approaching retirement to buy a policy. Waiting too long to purchase a policy can be very costly. Because rates are based on age and health, it's best to start shopping for a policy when you're young and healthy.

Unisurable Rate	
Age	**% of applicants declined[1]**
Below 50	14%
Age 50-59	21%
Age 60-69	27%
Age 70-79	45%

A good time to purchase traditional long term care insurance is when you're in your late 40s to mid-60s. You can certainly buy a policy after 65 or even older, but expect to pay considerably more. Plus, if you wait too long and develop a condition you may not qualify due to health.

[1] American Association for Long Term Care Insurance 2015-2016 Sourcebook

When will a policy start to pay for care?

Generally, long term care insurance policies begin to pay benefits when one of two different criteria is met, has been confirmed by a physician, and you have met the elimination period.

You are unable to perform two of the six activities of daily living (ADLs) without assistance or supervision and expect to need care for at least 90 days or more:
Continence: Control of one's bladder and bowel movements
Dressing: Clothe oneself
Toileting: Use a toilet and perform associated personal hygiene
Eating: Feeding oneself
Bathing: Bathe oneself
Transference: Move oneself into or out of a bed or a chair

or

You have severe cognitive impairment, such as Alzheimer's disease and other forms of dementia, which make it impossible for you to live independently in a safe manner.

Care Options

How is the cost of a traditional policy determined?

Your cost (premium) is dependant on several factors including age, health, and family health history. It is also dependant on your decisions of the elements below:

- Benefit period: The maximum amount of time the policy will pay benefits for care (e.g. 3 years).
- Daily/monthly benefit: The maximum daily or monthly amount your policy will provide toward the cost of long term care.
- Elimination or waiting period: the time from when your care begins until policy begins paying (e.g. 90 days).
- Inflation rider: A provision that helps benefits keep pace with the increasing cost of care.

Why people hesitate to purchase long term care insurance?

- Cost of traditional long term care insurance and concerns for future rate increases
- Worry they may pay years of premiums and never need or use long term care insurance
- Believe that their age or health makes traditional long term care insurance too costly
- Plan to self-fund cost of care
- Rely on Medicare/Medicaid/VA Benefits
- Expect family member to provide care

Other than traditional long term care, what are the other options to cover long term care costs?

For people who are concerned about their future long term care needs but not convinced that a traditional policy is the solution for them, there are now many options for them that are growing in popularity.

There are benefits and drawbacks to each alternative below:
An option to add *shared care for couples:* Enables a partner to use a portion of the other living partner's identical policy should you run out of benefits and still need care. Also any unused benefits at death, transfer to the surviving partner's policy.

Long term care insurance linked with life insurance or an annuity: A life insurance policy or annuity that would include long term care coverage as a secondary benefit. If the long term care benefits are not exhausted, the policy pays the benefit to the beneficiary. This benefit cannot be added to an existing insurance policy or annuity.

Cash benefit/indemnity: This feature as part of a traditional, shared, annuity or life insurance plan will pay a cash benefit to the policy holder. Indemnity plans allow for many flexible solutions because the benefits are paid on a reimbursement basis.

Home health care only option: Pays for qualifying care at home. Benefits can also include prescription, annual physical, and vision. This has a limited amount of coverage, but may be perfect for those who may have trouble getting insurance because of health or age.

Continuing Care Retirement Community (CCRC): As residents have changing needs they can be met within the community, home care, adult day care, assisted living, and nursing home. Depending on your contract, monthly fees may increase depending on care needed.

Reverse mortgage: Homeowners age 62 or older, who have financial resources to pay ongoing insurance and property taxes can access equity to pay for long term care needs.

Self-fund: Pay out of pocket for cost of care needs from a pension or 401(k), savings, and investments.

Which solution is best for you?

Long term care is an important part of your financial plan. Explore your options with GEBA's Financial Advisors and Long Term Care Specialists. GEBA can help you understand and compare all of the options available to you including the Federal Long Term Care Plan.

Complete the enclosed form and return it to the GEBA office. Visit www.GEBA.com/LTCappt. Or contact us to schedule a convenient time for a telephone consultation at (800) 826-1126 or geba@geba.com.