



Long-Term Care Consultants

A Bridge Over Troubled Waters

Why is Long Term Care a Problem?

Price vs. Cost

Because the price of a long-term care policy far outweighs the emotional and physical cost of caring for an infirm adult. Long-term care needs often exceed the type of assistance our family or friends can provide.

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**Long-Term Care
Consultants was founded
in 2000. For additional
information, please visit:**

www.LTCCINC.com



What is Long Term Care?

Long Term Care is Assistance with Activities of Daily Living (ADL's)

-Bathing (including personal hygiene assistance)

-Toileting (using commode)

-Continence (control of bowel/bladder)

-Dressing (including prosthetics)

-Transferring (mobility)

-Eating (including preparation of food)

What is Long Term Care?

Companion/
Personal Needs
Care

Supervision for Cognitive Impairment (Dementia/Alzheimer's)

Long Term Care is NOT medical care.

Long Term Care is personal care, extended care, custodial care.

Long Term Care is not a place...it is an event.

Long Term Care Insurance will pay wherever you live.

Where may I receive long term care services paid by long term care insurance?

- Your Home
- Assisted Living Community
- Adult Day Care
- Nursing Home

All of the above may be paid by a long-term care insurance policy.

How much does basic long term care cost?

- Home Health Care - \$45,000 Plus, Annually
- Adult Day Care - \$20,000 Plus, Annually
- Assisted Living - \$50,000 Plus, Annually
- Nursing Home - \$100,000 Plus, Annually

The cost of care is determined by the level of care required.

Long term care needs often exceed the type of assistance friends or family can provide.

What does NOT pay for long term care?

- Medicare
- Medicare Supplement
- Health insurance

What DOES pay for Long Term Care?

- **Personal Assets**
- **Retirement Accounts**
- **Medicaid**
- **Long Term Care Insurance**

How Should You Pay for Long Term Care?

1. Your Personal Assets/Income/Retirement Accounts?
2. Medicaid? Will pay for individual with limited assets.
3. Long term care insurance policy?

What is the most tax efficient way for your specific circumstances to pay for long term care?

When Will I Need Long Term Care?

Long Term Care Has Nothing To Do With Age

Any adult, anytime, for any reason, can need long term care as a result of auto accident, work-related injury, sports injury, recreational injury, diagnosis, or age-related episode.

Why Do All Adults Need A Long Term Care Plan?

- Avoid being a challenge to family and friends.
- Protect retirement income and assets.
- Assure quality care.
- Recuperate or age in place SAFELY.
- Leverage money to protect lifestyle.
- Maintain independence.

Long Term Care Insurance Policy Basic Components

Four Basic Components of All LTC Policies

1. Benefit Period or “Bucket of Money”
2. Maximum Daily/Monthly Benefit
3. Inflation Options
4. Elimination/Waiting Period(Deductible)

Long Term Care Insurance Solution Options

- **Traditional Long-Term Care Insurance**

Or

- **Hybrid Long-Term Care Insurance**

Question: What is most tax-efficient way for your circumstances to fund a policy?

Long Term Care
Solution Funding
Options for
Traditional Long-
Term Care
Insurance
Policies

- **Personal Income**
- **Health Savings Account (Age-Based)**
- **Business Account** (May be tax deductible expense)

Long Term Care Solution Funding Options for *Hybrid* Long Term Care Insurance Policies

- Existing permanent life insurance with cash value (IRS 1035 Exchange)
- Existing annuities both qualified and nonqualified (IRS 1035 Exchange)
- Existing IRA's, CD's, 401(k), 403(b), pensions, retirement dollars (IRS 1035 Exchange)
- Cost of policy depends on age, gender, health, marital/domestic partner status

Pension Protection Act and 1035 Exchange

How are we permitted to exchange existing permanent life insurance policies or existing annuity policies for a new life insurance policy or new annuity policy to include long term care benefits?

**Answer: The Pension Protection Act and
1035 Exchange**

What is the Pension Protection Act?

The Pension Protection Act (PPA) of 2006 expanded 1035 exchanges to include qualified long-term care insurance which began on January 1, 2010. The PPA allowed for the tax-free exchange of an existing life or annuity policy to an LTC policy

What is the 1035 Exchange?

Section 1035 of the Internal Revenue Code (IRC) provides that no gain or loss shall be recognized on the exchange of one life insurance contract for another (or annuity, endowment or long-term care contract for another) if the exchange is made according to IRC and IRS regulations.

- Life insurance to life insurance
- Life insurance to annuity (or LTCL)
- Annuity to annuity (or LTCL)
- Endowment to annuity (or LTCL)

Key Benefits of Long-Term Care Insurance (LTC)

- LTC pays for personal extended care.
- LTC provides care options.
- LTC is a financial planning tool.
- LTC leverages your money.
- LTC provides support resources.
- LTC allows family/friends to manage care.

Long Term Care Insurance Benefits are Tax Free

Frequently Asked Questions

- **What options are available and/or advisable for married/domestic partners, same gender/opposite gender?**
- **How is long term care regulated and organized in Virginia to include Medicare involvement?**
- **How is home care industry regulated? Cost of home care? Reputation of home care?**

Frequently Asked Questions (continued)

- **What is cost of long-term care insurance and if it covers home, both medical and household assistance?**
- **How can I find out an insurance company's track record on customer service?**

Frequently Asked Questions (continued)

- **When a policyholder is ready to file a claim for benefits, who determines if policyholder qualifies for benefits? Is it difficult to access benefits when an individual remains at home and family is providing some assistance?**
- **Brief case study discussion.**

Frequently Asked Questions (continued)

- How and when do rates on traditional (no rate increases on hybrid) long term care insurance policies increase? Are there consumer protections in place?
- Does cost of long-term care insurance increase annually with age or physical changes?
- What is the most tax efficient way to pay for long term care?

Next Steps:

Questions to Ask Yourself

- *If you had to begin paying a minimum of \$4,000 per month for care for an undetermined period, what is the most tax efficient way for your specific circumstances to pay for care?*
- *Could you maintain your lifestyle and pay for care?*
- *Which assets would you have to liquidate?*
- *What is most tax efficient?*

Set Yourself a Deadline – Time is your enemy when it comes to exploring best long-term care insurance options for your specific circumstances.

Why work with a Long-Term Care Specialist?

- Specialists make the complicated simple.
- Specialists offer multiple options.
- Specialists focus on educating their clients.
- Specialists have experience.
- Specialists work with your financial advisor.
- Specialists provide education and awareness.

Quick Review

Why is Long
Term Care
a Problem All
Adults Need to
Address?

Price vs. Cost

- *Because the price of a long-term care policy far outweighs the emotional and physical cost of caring for an infirm adult.*
- *LTC insurance is still the best solution for long term care expenses.*

TAX-FREE MONEY

Questions?

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Providing long-term care planning since 2000...

there's just no substitute for experience.