LONG-TERM CARE INSURANCE

How to Get Your Long-Term Care Planning on the Right Track

Many of us are not as prepared as we should be, but it's not too late. Taking these steps today can get you started on planning for your long-term care.

(Image credit: Getty Images)

It may not be especially nice to think about, but the fact is that as we all keep living longer, our likelihood of requiring long-term care is increasing, too. What that care looks like and how long we need it for are, of course, unique to every individual. But what's true for many of us is that, financially speaking at least, we're not as prepared as we could be.

A recent survey by LIMRA revealed that although 29% of respondents believed they owned some form of long-term care insurance coverage, the true figure was closer to 3%.
A OneAmerica study also found that while 29% of consumers researched long-term care plans, only 16% went on to actually implement one.

So, if you haven't yet started your own financial preparations for long-term care, you're certainly not alone. And the good news is it's not too late either. Here are five steps you can take today to get your long-term care planning on track.

1. Check out the National Association of Insurance Commissioners' (NAIC) Shoppers Guide for Long-Term Care Insurance.

It's free to download in both English and Spanish and completely product- and company-agnostic. It therefore offers you an unbiased frame of reference to use when thinking about long-term care coverage.

2. Communicate your plans with your loved ones.

Whether it's a family member, relative or close friend, be sure to discuss your plans for long-term care with the people closest to you. In particular, think about the role everyone can have — one that makes them feel involved but also plays to their strengths.

For example, maybe your spouse will oversee actually paying your care bills, but one of your kids or a close friend is going to visit you every day for a coffee and a chat.
Be sure to regularly check that you have the right people named as beneficiaries and/or with access rights for your insurance contracts, too.

3. Figure out if you can self-fund.

As an American citizen, you're entitled to long-term care that is paid for by the government. However, as you might expect, the standard of care in a public Medicaid facility can be quite different to what you may receive if you pay to go private.

Review your finances and, if you're in a position to self-fund, start actively preparing to do so now.

4. Find the right saving option for you.

If you're going to self-fund, there are a few different ways to go about it.

- **Standalone long-term care insurance.** The premiums for these plans tend to be cheaper than for hybrid ones (more on those in a moment). However, they can be used only to fund long-term care, so if you don't end up needing it, the money is essentially lost. (Some standalone products allow spouses to be covered by the same contract, increasing the chances that one of you will use it.) The reimbursement rules can also be challenging from a liquidity perspective, as they require you to pay for the care yourself, then submit receipts to recover the cost.

  NYSUT NOTE: Finding the right long-term care policy for you and your family is essential. Which is why NYSUT members have access to a team of dedicated long-term care planning specialists through the NYSUT Member Benefits Trust-endorsed New York Long-Term Care Brokers program. These specialists can provide insight into different long-term care insurance providers and products, so you can choose the best coverage for you. Visit the website for more information.

- **A life insurance contract that contains a long-term care rider.** These cover both your life insurance and long-term care benefit in a single plan. Consequently, the premiums are more expensive than a standalone product, but the upside is that if you don't end up using the money for long-term care, it's simply passed on to your stated beneficiaries when you die. If the rider is used, it is paid out as an acceleration of the death benefit until either the benefit amount is exhausted or upon your death.

  NYSUT NOTE: A life insurance policy with a living benefit can be a great option for long-term care planning. NYSUT members now have access to a brand-new Universal Life Insurance program offering a Convalescent Care Benefit. The NYSUT Member Benefits Trust-endorsed Universal Life Insurance with Convalescent Care Benefit, provided by Trustmark, plus YourCare360® Care

Planning Services offers added financial protection, along with access to long-term care resources. For more information on this new program and how to get started, visit the website.

- **Create your own "long-term care bucket."** Rather than paying for insurance coverage, you could use some other investment program or annuity contract to save for long-term care. Over time, such funds can grow considerably without any restrictions on how you use the money. However, you'll need enough liquidity (and discipline!) to ensure you pay into the fund regularly for a number of years. Plus, unlike with most standalone or hybrid insurance policies, any funds you accrue won't be covered by state level asset protection programs, known as partnership policies.

5. Consult a professional.

Selecting the right insurance coverage or savings plan from the various options available can be a complicated process. A qualified financial professional will help you sort through the details, make the complex simple and assist you in determining the approach that works for you. They can also help you integrate long-term care preparations into your overall financial plan.

Whatever the right long-term care plan for you, the most important thing is to have one. The sooner the better, too, because the earlier you start saving, the bigger your pot will be if and when the time comes.

Sadly, none of us can escape getting older. But by taking these steps today, you can ensure that both you and your budget are as prepared for tomorrow as possible.

This article was written by and presents the views of our contributing adviser, not the Kiplinger editorial staff. You can check adviser records with the SEC or with FINRA.

ABOUT THE AUTHOR

Stephen B. Dunbar III, JD, CLU
Director of Diversity & Inclusion, Executive VP, Equitable Advisors
Stephen Dunbar, Executive VP of Equitable, has built a thriving financial services practice where he empowers others to make informed decisions and take charge of their future. He and his team advise on over $3B in AUM and $1.5B in protection coverage. As a National Director of DEI for Equitable, Stephen acts as a change agent for the organization, creating a culture of diversity and inclusion. He earned a bachelor's in Finance from Rutgers and a J.D. from Stanford.

Kiplinger

Kiplinger is part of Future plc, an international media group and leading digital publisher
© 2023 Future US LLC