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Long Term Care

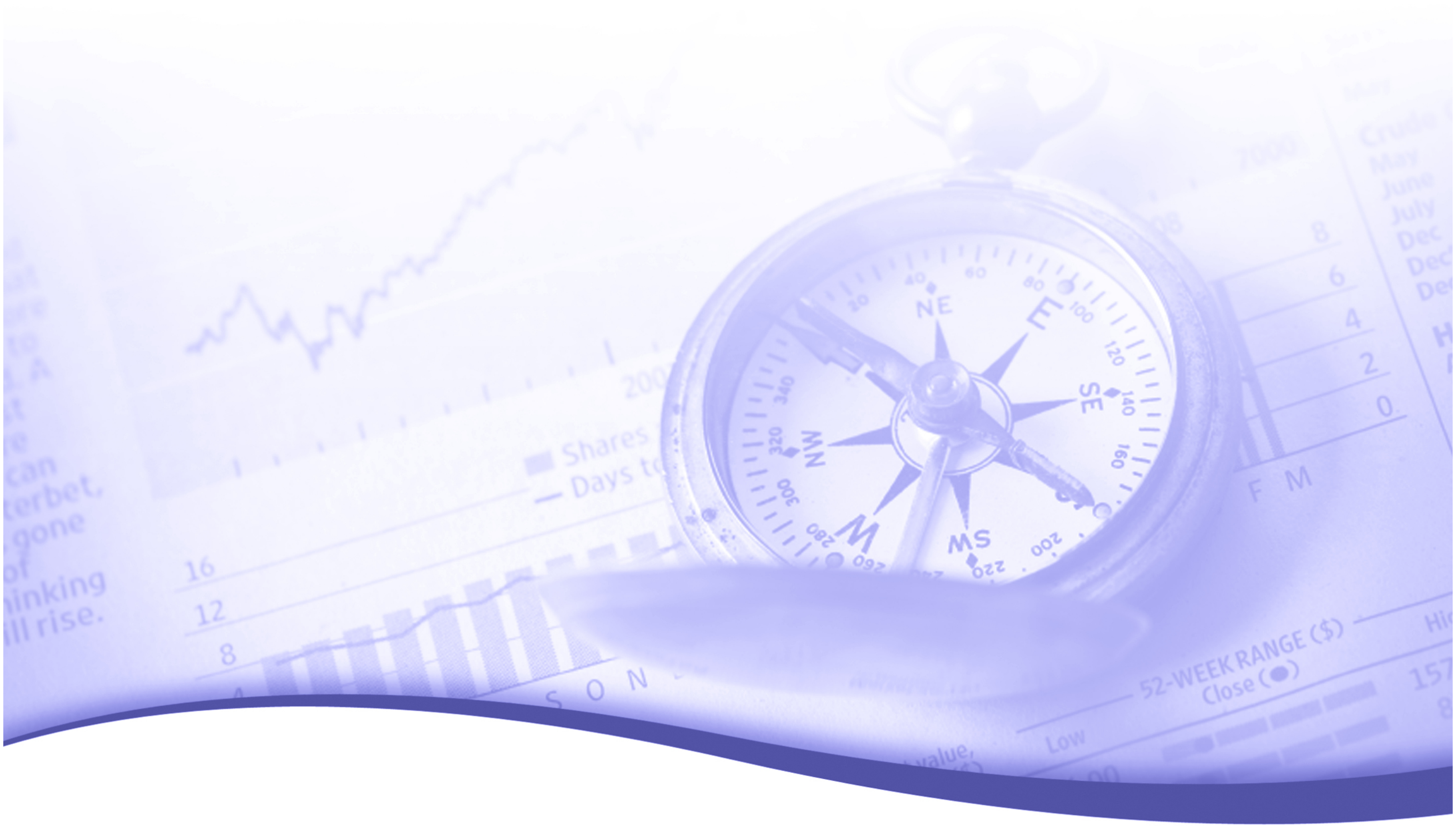
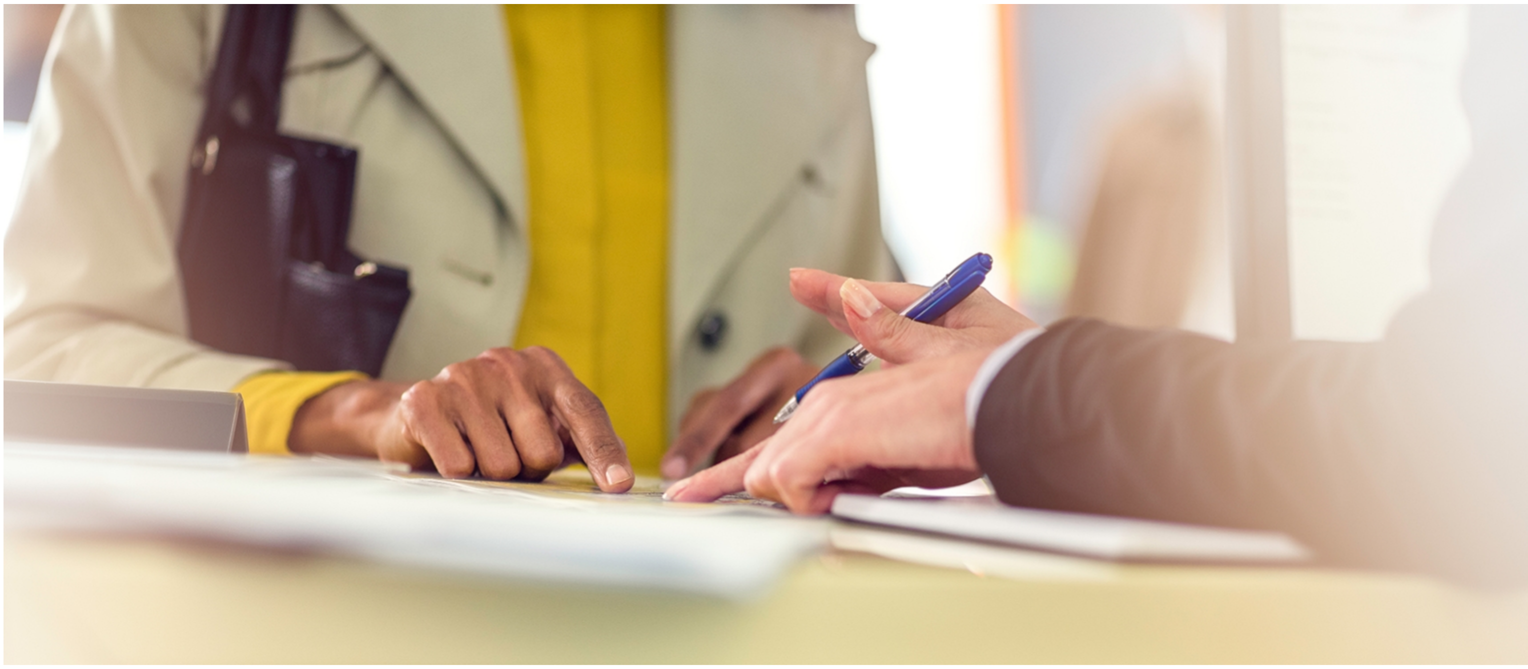


Table of Contents

Tax Tips: Long-Term Care Insurance



Your chances of requiring some sort of long-term care increase as you age, and long-term care insurance (LTCI) can help you cover your long-term care expenses. Although tax issues are probably not foremost in your mind when you buy LTCI, it still pays to consider them. In particular, you should explore whether your premiums will be deductible and your benefits taxable.

You may be eligible for an income tax deduction

You may be able to deduct all or part of the LTCI premiums you pay for yourself, your spouse, or a dependent, but only if your policy meets the IRS criteria for a qualified policy. If you bought the policy before January 1, 1997, and it met the requirements of the state where it was issued, it is automatically considered a qualified policy. If you bought the policy later, it must satisfy several requirements to be considered qualified.

First of all, the policy must provide coverage only for qualified long-term care services. These include necessary diagnostic, preventive, therapeutic, curing, treating, mitigating, and rehabilitative services, as well as maintenance or personal care services that are required by a chronically ill individual, in connection with a plan of care prescribed by a licensed health-care practitioner. Also, your policy must satisfy the following conditions:

- It must be guaranteed renewable, meaning that you can renew your policy as needed without undergoing additional medical exams
- It must not have a cash surrender value or any provision that allows you to cash in, pledge, assign, or borrow against the policy, or receive anything more than a refund of premiums paid if you cancel the policy
- It must provide that any refunds and dividends (other than refunds upon termination of the policy) can be used only to reduce future premiums or increase future benefits
- It must not pay for (or reimburse) expenses that are reimbursable under Medicare, unless Medicare is a secondary payer, or unless the policy pays a specified amount per day regardless of actual expenses
- It must meet certain consumer protection requirements set out in the Internal Revenue Code

The amount of your deduction depends on a few factors

If your LTCI policy meets the conditions listed above, or if it was issued before January 1, 1997, at least part of your premium may be tax deductible as a medical expense. To qualify for a medical expense deduction, your unreimbursed medical expenses (including LTCI premiums) must exceed the applicable percentage of your adjusted gross income. Also, you must itemize your deductions.

The maximum amount of LTCI premiums that you can deduct in a year depends on your age at the end of the year. In 2020, deduction limits (which are indexed each year for inflation) are as follows:

Age	Limit on Deduction
40 or younger	$430
41 to 50	$810
51 to 60	$1,630
61 to 70	$4,350
71 or older	$5,430

Watch out — your long-term care insurance benefits may be taxable

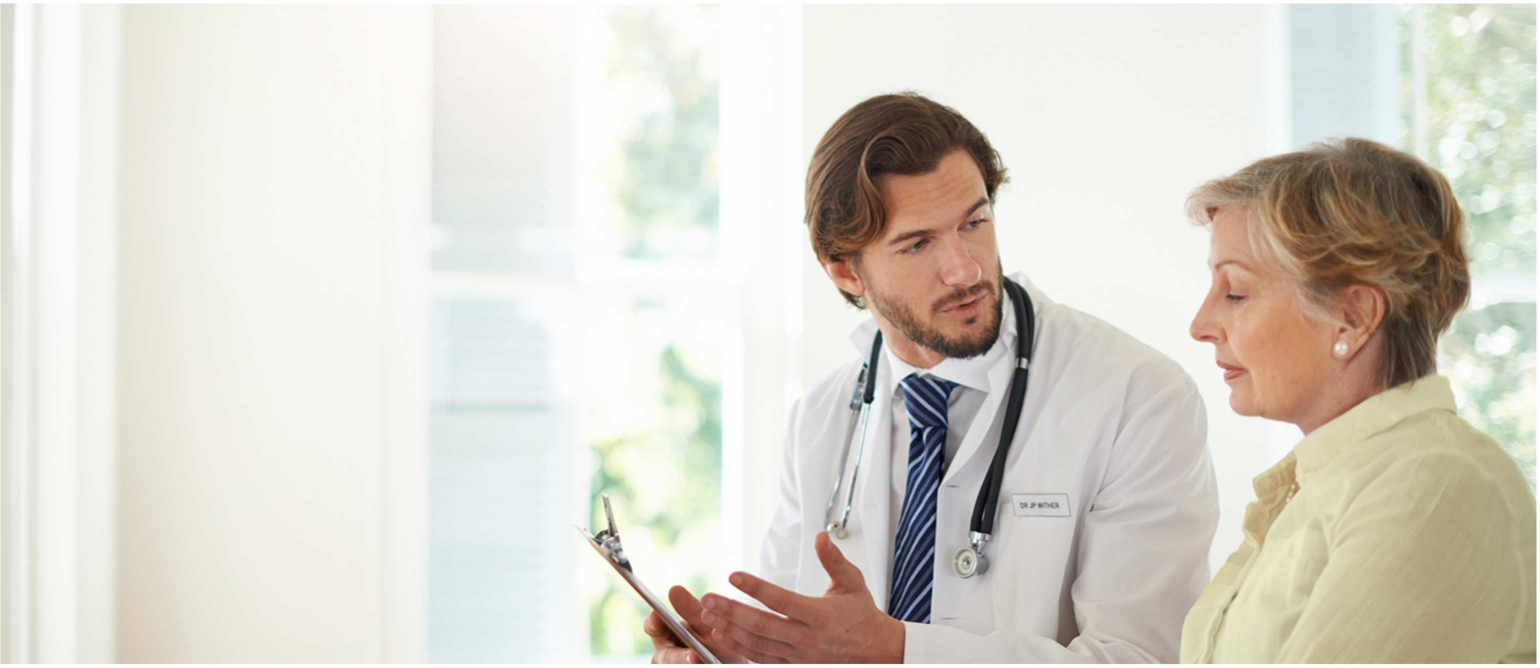
A qualified LTCI contract is treated as an accident and health insurance contract, and the benefits are typically treated as tax free. However, if your contract pays a set dollar amount per day (per diem), the tax-free treatment is subject to a certain limit, indexed annually for inflation. Benefits over and above this limit are generally considered taxable income.

Under this limit, the amount of your LTCI benefits that is excluded from taxation in a given period is figured by subtracting any reimbursement received (through insurance or otherwise) for the cost of qualified long-term care services during the period from the larger of the following amounts:

- The actual cost of qualified long-term care services during the period
- The dollar limit for the period ($380 per day for any period in 2020)

It's a different story if you have a nonqualified LTCI policy, though. Such benefits may be subject to income tax.

Five Things to Watch Out for When Buying Long-Term Care Insurance



You've researched long-term care insurance (LTCI) and are seriously thinking of buying a policy. Just make sure you're doing it for the right reasons--don't be swayed by unsubstantiated sales pitches. Here are some claims you'll want to think twice about.

A long-term care policy is a great tax write-off

Though it's true that premiums paid on a tax-qualified LTCI policy can reduce your tax burden, you must itemize deductions to be eligible. When you're older, perhaps you'll no longer itemize deductions. And even if you do, LTCI premiums fall under the write-off for medical and dental expenses, which is limited to expenses that exceed 10 percent of your adjusted gross income. So, for example, if your adjusted gross income is $60,000, you are able to deduct only that portion of your unreimbursed medical and dental expenses (including LTCI premiums) that exceeds $6,000.

And there's another caveat. Even if your LTCI premiums exceed 10 percent of your adjusted gross income, you can't include all of the premiums in your deduction for medical and dental expenses. Instead, your premiums are deductible according to a sliding scale that depends on your age. So what might look like a great tax write-off at first glance may not be so great after all.

Note: The threshold is 7.5 percent for those age 65 and older until 2017, at which time it increases to 10 percent.

You should buy a policy now so you can lock in the price forever

With most LTCI policies, your age at the time you purchase the policy is a factor in determining your premiums. However, this doesn't mean that your premiums will stay the same as long as you own the policy. In fact, your premiums can increase if your insurance company establishes a rate increase for everyone in your class, and that increase is approved by the state insurance commissioner.

As a relatively new type of insurance, LTCI may be particularly susceptible to rate increases, because insurance companies lack a sufficient amount of underwriting data to predict the number and size of claims they can expect in the future. And unfortunately for you, if your insurance company does raise your premium, it may not be so simple to take your business elsewhere. Any premium on a new LTCI policy will still be based on your age, which will be higher, and your health, which may be worse. So no matter when you buy your policy, make sure you can afford the premiums both now and in the future.

It doesn't matter how the policy defines "facility"

Currently, there are no national standards on what constitutes a long-term care facility. This means that an "assisted-living facility" or "adult day-care facility" may mean one thing in a particular policy or state and another thing in a different policy or state. This can pose a problem if you buy the policy in one state and then retire to another state--there may be no facilities in your new state that match the definitions in your policy. To protect yourself, make sure you understand exactly what types of facilities the LTCI policy covers before you buy it.

It's not necessary to check the financial rating of the insurance company

A large number of unexpected long-term care claims could potentially devastate an insurance company that isn't financially strong. So before you buy an LTCI policy, it's always a good idea to check the company's financial rating by using a rating service like Standard & Poor's, Moody's, A. M. Best, or Fitch. You can also check with your state's insurance department for more specific financial information on particular companies.

You should get rid of the policy you have now and buy a new one

Although in some cases a new LTCI policy might have an attractive added benefit that your old policy doesn't, red flags should go up if an insurance agent encourages you to ditch your old policy for a new one without providing a clear explanation of the added benefits. For one thing, your premiums are based on your age and your health at the time you purchase the policy, so all other things being equal, your new policy will be more expensive. For another, you run the risk that a pre-existing condition won't be covered under the new policy.

If you're unhappy with your current policy, an alternative may be to upgrade it rather than replace it (though the agent earns a larger commission if you replace it). Unfortunately, there are unethical agents who make misleading comparisons of LTCI policies in an attempt to get you to switch policies for no reason other than their commission. If you're considering switching policies, make sure you understand exactly what the new policy offers, whether this additional coverage is important to you, and what you're giving up.

Long-Term Care Insurance: How Does It Work?

Whether you've had a long-term care insurance (LTCI) policy for years or you're thinking of buying one, it's critical to understand exactly what set of conditions will trigger coverage. This information is the bread and butter of any LTCI policy. In addition, you should know how to file a claim, preferably before you're on the verge of needing care.

What determines if you're entitled to benefits?

LTCI policies differ on how benefits are triggered, so it's crucial to examine your individual policy. Here are some typical ways you can become eligible for benefits:

- You're unable to perform a certain number of activities of daily living (ADLs) without assistance, such as eating, bathing, dressing, continence, toileting (moving on and off the toilet), and transferring (moving in and out of bed). Look in your policy to see what ADLs are included, the number you must be unable to perform, and how your policy defines "unable to perform" for each ADL, as criteria can vary from one company to another (e.g., does the definition require someone to physically assist with the activity or simply to supervise the activity?).
- Your doctor has ordered specific care.
- Your care is medically necessary.
- Your mental or cognitive function is impaired.
- You've had a prior hospitalization of at least three days (this is rare with newer policies).

An LTCI policy may contain one or more of these provisions. The more specific the language in the provision, the less room for disagreements about coverage.

Who determines if you're entitled to benefits?

Just as important as what triggers benefits is the question of who decides if you've triggered them. These gatekeepers are an integral part of any LTCI policy--after all, they're the ones whom insurance companies rely on before paying out claims. In some cases, a policy may have more than one gatekeeper.

The best policies let you qualify for benefits if your own doctor orders specific care, rather than require that you be examined by an insurance company physician. Similarly, it's insurance companies that define performance criteria for ADLs, as well as create and administer tests to see if you satisfy the mental impairment threshold. Make sure you know who the ultimate decision maker is under your policy.

When will benefits start?

Most LTCI policies have a waiting period, commonly known as an elimination period, before you can start receiving benefits after you're judged medically eligible. Common waiting periods are 20, 30, 60, 90, or 100 days. During any waiting period, you're responsible for paying for your care, whether it's in a nursing home, an assisted-living facility, or in your home.

Some LTCI policies have no waiting period--you can start receiving benefits on the first day you need care. However, this type of policy is more expensive than a policy with a waiting period. Generally speaking, the longer the waiting period, the less expensive the policy.

Keep in mind that the calculation of the waiting period can vary from company to company. Some companies may count the days cumulatively (e.g., adding up the total number of days you spend in a nursing home, even with gaps), while others may count the days consecutively (e.g., adding the total number of days you spend in a nursing home without interruption). Also, some companies require only one waiting period for the life of the policy, while others require a waiting period every time you apply for benefits (unless you become eligible for benefits again within a certain period of time, such as six months or a year, in which case only one waiting period will need to be satisfied).

The mechanics of filing a claim

Ideally, you should know how to file a claim before you actually need benefits--you don't want to lose coverage on a technicality. Typically, filing a claim means submitting a written notice to the insurance company, along with a proof-of-loss form (supplied by the insurance company) and relevant medical records.

Most policies require you to give written notice of a claim within a specific time after needing care (e.g., 30 or 60 days). In addition, you may need to verify your condition in writing every 30 to 90 days. The company may also require you to submit to an independent medical evaluation by a physician of its choosing to verify your claim.

Follow the instructions in your policy carefully. If you don't, your insurance company can deny you benefits, in which case your only recourse will be to make a complaint with your state insurance department or file a lawsuit (and most companies limit the period of time in which you can file a lawsuit). Don't let all those premium payments go to waste--take the time now to understand the claims-filing process for your policy.

Should You Buy Long-Term Care Insurance?

The longer you live, the greater the chances you'll need some form of long-term care. If you're concerned about protecting your assets and maintaining your financial independence in your later years, long-term care insurance (LTCI) may be for you.

Who needs it?

As we age, the odds increase that we'll need some form of long-term care at some point during our lives. And with life expectancies increasing at a steady rate, the likelihood of needing long-term care can be expected to grow in the years to come.

But won't the government look out for me?

Medicare pays nothing for nursing home care unless you've first been in the hospital for 3 consecutive days. After that, it will pay only if you enter a certified nursing home within 30 days of your discharge from the hospital. For the first 20 days, Medicare pays 100 percent of your nursing home care costs. After that, you'll pay $176.00 in 2020 per day for your care through day 100, and Medicare will pick up the balance. Beyond day 100 in a nursing home, you're on your own--Medicare doesn't pay anything.

If you're at home, Medicare provides minimal short-term coverage for intermediate care (e.g., intravenous feeding or the treatment of dressings), but only if you're confined to your home and the treatments are ordered by a doctor. Medicare provides nothing for custodial care, such as help with feeding, bathing, or preparing meals.

Medicaid covers long-term nursing home costs (including both intermediate and custodial care costs) but only for individuals who have low income and few assets (eligibility guidelines vary from state to state). You will have to use up most of your savings before you qualify for Medicaid, and aside from a small personal needs allowance, you will have to use all of your retirement income, including Social Security and pension payments, to pay for your care before Medicaid pays anything. And once you qualify for Medicaid, you'll have little or no choice regarding where you receive care. Only facilities with Medicaid-approved beds can accept you, and your chances of staying in your own home are slimmer, because currently most states' Medicaid programs only cover limited home health care services.

Looking out for yourself

If you want to retain your independence, protect your assets, and maintain your standard of living while at the same time guaranteeing your access to a range of long-term care options, you may want to purchase LTCI. This insurance might be right for you if you meet the following criteria:

- You're between the ages of 40 and 84
- You have significant assets that you would want to preserve as an inheritance for others or gift to charity

- You have an income from employment or investments in addition to Social Security
- You can afford LTCI premiums (now and in the future) without changing your lifestyle

Once you purchase an LTCI policy, your premiums can go up over time, but the rates can only rise for an entire class of policyholders in your state (i.e., all policyholders who bought a particular policy series, or who were within certain age groups when they bought the policy). Any increase must be justified and approved by your state's insurance division.

Several factors affect the cost of your long-term care policy. The most significant factors are your age, your health, the amount of benefit, and the benefit period. The younger and healthier you are when you buy LTCI, the less your premium rate will be each year. The greater your daily benefit (choices typically range from $50 to $350) and the longer the benefit period (generally 1 to 6 years, with some policies offering a lifetime benefit), the greater the premium.

Understanding Long-Term Care Insurance

It's a fact: People today are living longer. Although that's good news, the odds of requiring some sort of long-term care increase as you get older. And as the costs of home care, nursing homes, and assisted living escalate, you probably wonder how you're ever going to be able to afford long-term care. One solution that is gaining in popularity is long-term care insurance (LTCI).

What is long-term care?

Most people associate long-term care with the elderly. But it applies to the ongoing care of individuals of all ages who can no longer independently perform basic activities of daily living (ADLs)--such as bathing, dressing, or eating--due to an illness, injury, or cognitive disorder. This care can be provided in a number of settings, including private homes, assisted-living facilities, adult day-care centers, hospices, and nursing homes.

Why you need long-term care insurance (LTCI)

Even though you may never need long-term care, you'll want to be prepared in case you ever do, because long-term care is often very expensive. Although Medicaid does cover some of the costs of long-term care, it has strict financial eligibility requirements--you would have to exhaust a large portion of your life savings to become eligible for it. And since HMOs, Medicare, and Medigap don't pay for most long-term care expenses, you're going to need to find alternative ways to pay for long-term care. One option you have is to purchase an LTCI policy.

However, LTCI is not for everyone. Whether or not you should buy it depends on a number of factors, such as your age and financial circumstances. Consider purchasing an LTCI policy if some or all of the following apply:

- You are between the ages of 40 and 84
- You have significant assets that you would like to protect
- You can afford to pay the premiums now and in the future
- You are in good health and are insurable

How does LTCI work?

Typically, an LTCI policy works like this: You pay a premium, and when benefits are triggered, the policy pays a selected dollar amount per day (for a set period of time) for the type of long-term care outlined in the policy.

Most policies provide that certain physical and/or mental impairments trigger benefits. The most common method for determining when benefits are payable is based on your inability to perform certain activities of daily living (ADLs), such as eating, bathing, dressing, continence, toileting (moving on and off the toilet), and transferring (moving in and out of bed). Typically, benefits are payable when you're unable to perform a certain number of ADLs (e.g., two or three).

Some policies, however, will begin paying benefits only if your doctor certifies that the care is medically necessary. Others will also offer benefits for cognitive or mental incapacity, demonstrated by your inability to pass certain tests.

Comparing LTCI policies

Before you buy LTCI, it's important to shop around and compare several policies. Read the Outline of Coverage portion of each policy carefully, and make sure you understand all of the benefits, exclusions, and provisions. Once you find a policy you like, be sure to check insurance company ratings from services such as A. M. Best, Moody's, and Standard & Poor's to make sure that the company is financially stable.

When comparing policies, you'll want to pay close attention to these common features and provisions:

- Elimination period: The period of time before the insurance policy will begin paying benefits (typical options range from 20 to 100 days). Also known as the waiting period.
- Duration of benefits: The limitations placed on the benefits you can receive (e.g., a dollar amount such as $150,000 or a time limit such as two years).
- Daily benefit: The amount of coverage you select as your daily benefit (typical options range from $50 to $350).
- Optional inflation rider: Protection against inflation.
- Range of care: Coverage for different levels of care (skilled, intermediate, and/or custodial) in care settings specified in policy (e.g., nursing home, assisted living facility, at home).
- Pre-existing conditions: The waiting period (e.g., six months) imposed before coverage will go into effect regarding treatment for pre-existing conditions.
- Other exclusions: Whether or not certain conditions are covered (e.g., Alzheimer's or Parkinson's disease).
- Premium increases: Whether or not your premiums will increase during the policy period.
- Guaranteed renewability: The opportunity for you to renew the policy and maintain your coverage despite any changes in your health.
- Grace period for late payment: The period during which the policy will remain in effect if you are late paying the premium.
- Return of premium: Return of premium or nonforfeiture benefits if you cancel your policy after paying premiums for a number of years.
- Prior hospitalization: Whether or not a hospital stay is required before you can qualify for LTCI benefits.

When comparing LTCI policies, you may wish to seek assistance. Consult a financial professional, attorney, or accountant for more information.

What's it going to cost?

There's no doubt about it: LTCI is often expensive. Still, the cost of LTCI depends on many factors, including the type of policy that you purchase (e.g., size of benefit, length of benefit period, care options, optional riders). Premium cost is also based in large part on your age at the time you purchase the policy. The younger you are when you purchase a policy, the lower your premiums will be.

If Long-Term Care Insurance Isn't for You: Other Options

Long-term care insurance (LTCI) isn't for everyone. Not only is it expensive and sometimes hard to qualify for, but there's no guarantee you'll ever use the benefits. But if you decide not to buy LTCI, what are your alternatives?

You saved for a rainy day--it's here

Should the need arise, you could use your personal savings to pay for long-term care (self-insurance). If you choose this option, you'll have to estimate how much money you might need to cover long-term care expenses and start an appropriate savings plan. And though there's a good chance that the amount you'll have to put aside each month to cover future medical expenses will equal (or exceed) what you'd pay in LTCI premiums, buying LTCI is not an option in some cases (e.g., if a pre-existing condition prevents you from qualifying for coverage). Keep in mind, however, that if you do choose to self-insure, there's always the chance that your savings won't be enough to cover your actual long-term care expenses.

Did you hear? Medicaid pays for long-term care

Medicaid is a government-sponsored program that pays for medical treatment. People with low incomes who are elderly, disabled, or blind may be eligible if they meet the financial and medical requirements. These eligibility decisions are primarily based on:

- Income
- Net worth
- Need for nursing or custodial care

In most states, Medicaid subsidizes care in nursing facilities and at home (for those who meet Medicaid guidelines). Unfortunately, meeting Medicaid's financial requirements is difficult. Many people are forced to exhaust their life savings to qualify for Medicaid. A comprehensive LTCI policy may prevent this from happening.

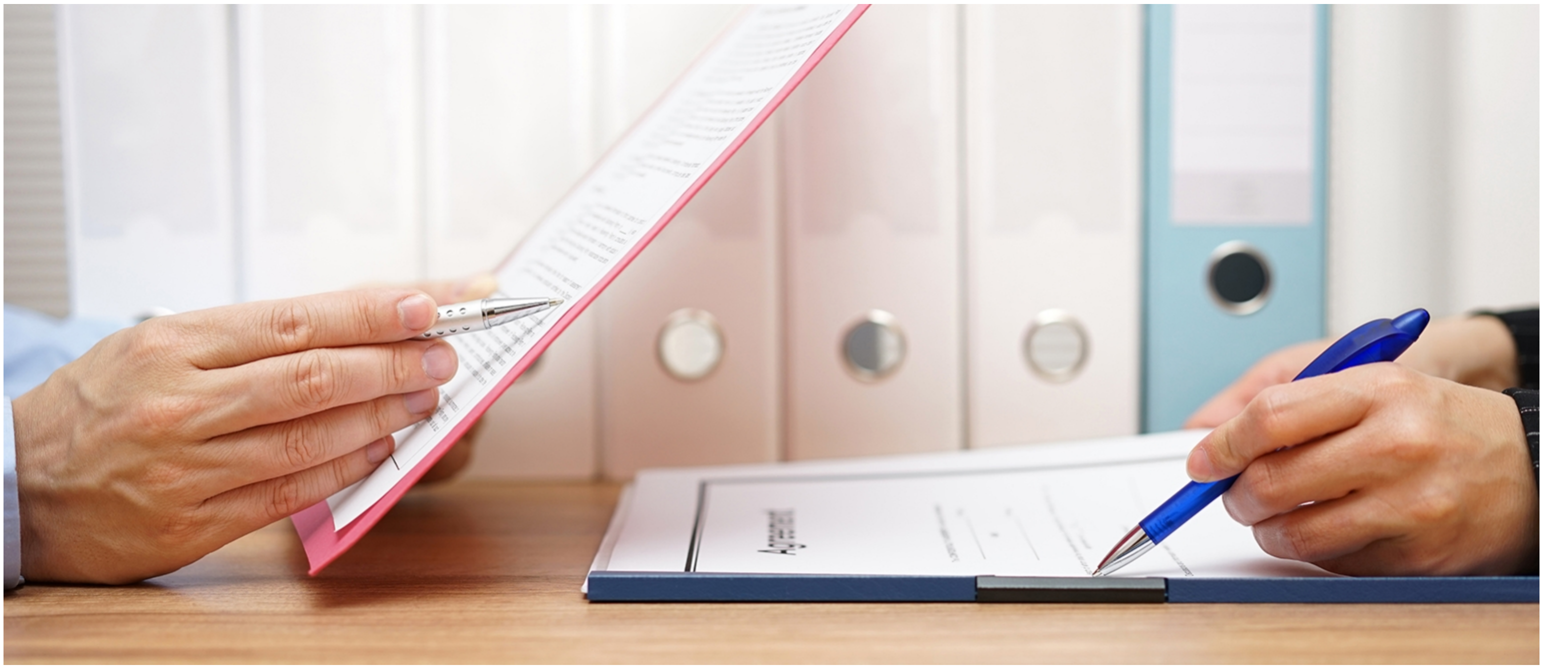
Life insurance--it's not just for estate planning anymore

If you have a cash value life insurance policy, familiarize yourself with the rules on policy loans and cash withdrawals. Most policies allow you to access your cash value in one of these ways, but the amounts may be limited, and there may be interest and tax consequences. Also, find out if your policy allows you to use part of the death benefit for medical expenses or long-term care while you are alive. (Policies with an accelerated benefits rider typically allow this.) Should you become terminally ill, you may also have the option to sell your life insurance policy to a viatical settlement funding company and use the money to pay for your care. You will typically get 40 to 85 percent of the policy's face value from a viatical settlement.

Get paid to live in your home

If you own your home outright or have a lot of equity in your home, you could consider a reverse mortgage. Basically, a reverse mortgage gives the lender a lien (or mortgage) on your home, and you receive either a lump sum or prearranged monthly payments. You typically don't have to repay the loan as long as you live in the home. However, if you move or if the house is sold, the loan must be repaid out of the proceeds of the sale. A reverse mortgage can be an easy source of cash, but it could also complicate matters if you plan on leaving your home to your heirs.

Comparing Long-Term Care Insurance Policies



Because long-term care insurance (LTCI) is a relatively new product, policies are not standardized. This can make it especially difficult to compare policies when you're shopping for this type of insurance. However, comparing LTCI policies is a lot easier when you know what to look for and follow a few simple guidelines.

Compare insurance companies

One of your first steps should be to compare and evaluate insurance companies. But since there are many companies that sell LTCI, how do you narrow the field down to a few good ones? You can start by talking to friends, family members, or anyone else you know who's bought LTCI. How satisfied have these people been with their companies' handling of claims and overall customer service? To learn more about company reputations, check out consumer websites and publications. You can also contact your state's insurance department for information about different companies, such as customer complaints lodged within the last year.

In addition, there are private firms that make a business of rating insurance companies, usually on a letter-grade scale. Some of the well-known rating service firms are A. M. Best, Moody's, The Street.com (formerly Weiss), Fitch, and Standard& Poor's. You can contact one of these firms directly, though their ratings may be available at your local public library. The ratings are typically based on a company's financial strength and other factors. Financial strength is particularly important because it tells you whether a company is likely to meet its future claims payments and other obligations.

Compare policy ins and outs

As mentioned, there is no standard LTCI policy or contract--specific benefits and features often vary widely from one policy to another. That's why detailed policy comparisons are more important with LTCI than with any other type of insurance. Once you've narrowed your list of insurance companies down to a few (e.g., three or four), ask each company for some sample policies to review. Each sample should include an Outline of Coverage section at the beginning of the policy. This section briefly summarizes the policy's benefits and highlights the major features. After you read this section, read through the entire policy to make sure you understand all of the provisions. Here are some key items to look for:

- Waiting period: This is the period of time that must pass before the insurance company will begin to pay benefits. It can be anywhere from 0 to 365 days. You'll be asked to select a waiting period--the shorter the period, the more the policy will cost.
- Duration of benefits (known as the benefit period): You'll also be asked to select a benefit period (e.g., two years or a lifetime)--the longer the period, the more costly the policy. Watch out for caps placed on the total lifetime benefits you can receive if the policy lets you carry over unused daily benefits beyond the scheduled benefit period.

- Nursing home and home health-care daily benefit: This is the amount of coverage you select as your daily benefit limit (e.g., $50, $200).
- Cost-of-living rider: This feature provides protection against loss of purchasing power due to inflation. It increases your coverage every year to keep pace with inflation (either based on the Consumer Price Index or at a fixed percentage rate).
- Range of care: A policy may provide coverage for different levels of care, such as skilled, intermediate, and/or custodial. A good policy should cover all levels of care.
- Pre-existing conditions: A waiting period (e.g., six months) may be imposed before you can receive coverage for any pre-existing conditions you might have.
- Other exclusions: Some policies may not cover certain medical conditions (e.g., Alzheimer's or Parkinson's disease). Others may specify that you have to be in certain types of facilities.
- Premium increases: Some policies may have a level premium for the period that the policy is in effect. In other cases, the premium may increase during the policy period.
- Waiver of premium: Most policies waive your premium after you've received benefits for a certain number of days, but sometimes only if you're receiving care in certain types of facilities.
- Guaranteed renewability: Most policies give you the option to renew the policy and maintain your coverage, despite any changes in your health.
- Grace period: Most policies give you a grace period if you're late with a premium payment (usually 30 days). This means that the policy will remain in effect during that period.
- Restoration of benefits: This is a feature that restores your benefits if you recover from your condition and do not require care for a consecutive period (e.g., 180 or 365 days).
- Return of premium: You may be entitled to a return of premiums paid (or a nonforfeiture of benefits or a continuation of benefits for a limited period of time) if you cancel your policy after paying premiums for a number of years.
- Prior hospitalization: Some policies require a hospital stay before you can qualify for benefits under the policy. This requirement is less common than it used to be, and you should probably avoid policies that include this provision.

How do the policies you're considering stack up against each other? Which benefits and features mean the most to you? How much can you customize each policy to your needs? These are very important questions. Knowing how to evaluate LTCI coverage in light of your own needs is the key to comparing and weeding out policies. Your final list of policies should include only ones that can offer exactly what you're looking for.

Compare premiums

Because LTCI policies vary so much, simple premium comparisons usually don't provide useful results. You run the risk of comparing premiums for policies that don't provide comparable coverage. For example, suppose you're comparing two LTCI policies with different premiums. If the more expensive policy has a larger daily benefit and longer benefit period, it may be difficult to tell which policy is the better buy. Variations in the length of the elimination period and other features may further muddy the waters. The point is that you want a policy that gives you the best total value, and the premium is only one part of the equation.

Still, the premium is important because you don't want to pay more for coverage than you have to. And you want to be sure you can afford the premiums as time goes on. Once you know your coverage needs and find a few policies that offer a good fit, you should then compare premiums. The price of an LTCI policy typically depends on the specifics of the coverage, your age at the time you buy the policy (most companies won't sell you a policy if you're under 40 or over 84), your medical history, the cost of long-term care where you live, and other factors. Note that premiums may vary widely between companies, even for policies that provide comparable coverage. The more similar the policies you're comparing, the more the premium will tell you about a policy's true value.

Consider getting help

Because LTCI is complicated, comparing and evaluating policies is no easy task. You can do it alone if you choose, but you're probably better off getting professional help. A qualified insurance professional, or financial professional can assist you with this entire process. To find the right person to help you, seek word-of-mouth references and be very selective.

Do Your Parents Need Long-Term Care Insurance?

We live in an age of medical miracles. People live longer than ever before, and life expectancies are increasing at a steady rate. This means that many of us will be fortunate enough to still have our parents with us as we ourselves reach retirement age. As our parents age, however, their health may decline, and the greater the chance becomes that they will require home care, nursing home care, or other assisted-living arrangements.

Long-term care: the odds against it aren't long at all

Maybe you think that you'll be the lucky one, that your parents won't need long-term care, but the statistics indicate that we're living longer and the need for long-term care is more likely. Also, parents living alone (especially women, who have a longer life expectancy then men), are more likely to need long-term care without a spouse or partner available to help out.

The cost of long-term care isn't low, either

Long-term care can also be expensive. What's more, Medicare, Medigap, managed-care programs like health maintenance organizations, and indemnity medical insurance plans don't pay for long-term nursing home care or for assisted living. Although Medicaid, a state-administered federal welfare program, will cover the costs of long-term care, your parents must be legitimately impoverished to be eligible for it.

If they're not prepared, your parents might find their lifetime savings and their assets quickly depleted by the cost of paying for long-term health care. As their child, you'll want to help them protect those assets (and your own inheritance) from being eroded by long-term care costs. One solution to this dilemma might be long-term care insurance (LTCI).

Help is on the way

Generally, LTCI helps pay for the care of an individual who can no longer independently perform the basic activities of daily living, such as bathing, dressing, eating, and toileting, due to a cognitive disorder, illness, or injury. A comprehensive policy will cover skilled, intermediate, and custodial care in a variety of settings, including nursing homes, assisted-living facilities, adult day-care centers, or the insured's own home.

The cost of LTCI policies can vary widely, depending on many factors, including the coverage selected and the age and health of your parents. The younger and healthier they are, the less expensive the insurance will be--but the longer they might pay for it before they really need it.

Who most likely needs the help?

Pete Thompson CLU, ChFC

Deciding whether to purchase LTCI will take some careful consideration. LTCI might be right for a parent if at least some of the following criteria apply:

- He or she is between the ages of 40 and 84
- There's a family history of Alzheimer's disease
- He or she has significant assets to preserve as an inheritance or to gift to charity
- He or she has an income from employment or investments in addition to Social Security
- The cost of the premiums will not exceed 5 to 7 percent of your parent's annual income (or yours, if you're paying the premiums)
- He or she is healthy enough to be insurable

Understanding Long-Term Care Riders and Options

There's no such thing as a standard long-term care insurance (LTCI) policy. Some policies are comprehensive (including most group LTCI policies), building many important features into the base plan--while charging a higher premium. Other lower-priced policies provide only basic coverage but offer you the choice of buying greater benefits at an additional cost. That's why it's important when comparing policies to look at both the basic coverage an LTCI policy offers and the optional benefits you can add.

A quick look at long-term care insurance basics

Most LTCI policies today cover a full range of services, including full-time nursing home care (skilled care), part-time nursing home care (intermediate care), or assistance with daily living activities (custodial care). Coverage for mental incapacity (including Alzheimer's disease) is now standard in most policies. Also, a good basic policy won't require you to spend time in a hospital before receiving long-term care benefits. And nearly all LTCI policies are renewable, as long as premium payments continue. You should be able to find a basic LTCI package that includes many of these features. If not, find out how much it will cost to add these provisions.

Now that you have an idea of what a good basic LTCI policy should include, consider some of the following options and riders. But because they can significantly increase your LTCI premium, you'll need to balance the cost of these options with their importance to you.

Home health care and other alternative care options

Most LTCI policies will cover care in alternative care settings, such as the home, adult day-care facilities, and assisted-living facilities. But this important option is not standard in every policy. Alternative care makes sense when you don't require the constant skilled nursing care that a nursing home provides but still need the services of a health aide at least a few times a week. It can also help you transition from a hospital or nursing home and become self-sufficient. So what's the price tag? Home care and other alternative care coverage that provides half the benefit of full nursing home care can increase your premium by 30 percent. Coverage that equals the nursing home benefit could raise the premium by 50 percent.

Inflation protection

When you buy an LTCI policy, you choose a daily benefit level--the amount the policy will pay for your daily care if you need it. But how do you know this will be enough to adequately cover your costs? An inflation rider automatically increases your benefit amount by a specific percentage each year, either by simple interest or compound interest to help your benefit amount keep pace with rising costs. Five percent is a typical inflation factor. The younger you are when you buy an LTCI policy, the more important inflation protection may be. Keep in mind, though, that a simple-interest inflation rider can increase your premium by 20 to 30 percent or more, while a compound-interest inflation rider could more than double your premium. A possible alternative is to buy a policy with a larger benefit amount today in anticipation of rising nursing home costs in the future.

Nonforfeiture of premium feature

Should you decide you no longer need LTCI or if you are unable to keep up the premium payments, you may be able to salvage a portion of the policy's benefits. Some contracts contain a return-of-premium option whereby the insurer returns all of the premiums you have paid beyond a certain date, minus any benefits used up to that point. Others may pay a stipulated percentage of the paid premiums, depending on the number of years you've held the contract. Aside from the cash option, another method of preserving the benefits of your LTCI policy is through a nonforfeiture conversion. This involves changing your policy to one with a lower coverage amount or coverage for a shorter period of time compared with your original policy. These reduced benefits will be available when needed, and no further premium payments are necessary.

Waiver of premium

This provision allows you to stop paying premiums once you are in a nursing home and the insurance company has started paying benefits to you. Depending on the provisions of your contract, the insurance company may waive the premium as soon as it makes your first benefit payment, or you may have to wait 60 to 100 days after the onset of your nursing care. Note that the waiver of premium might not apply if you are receiving home care.

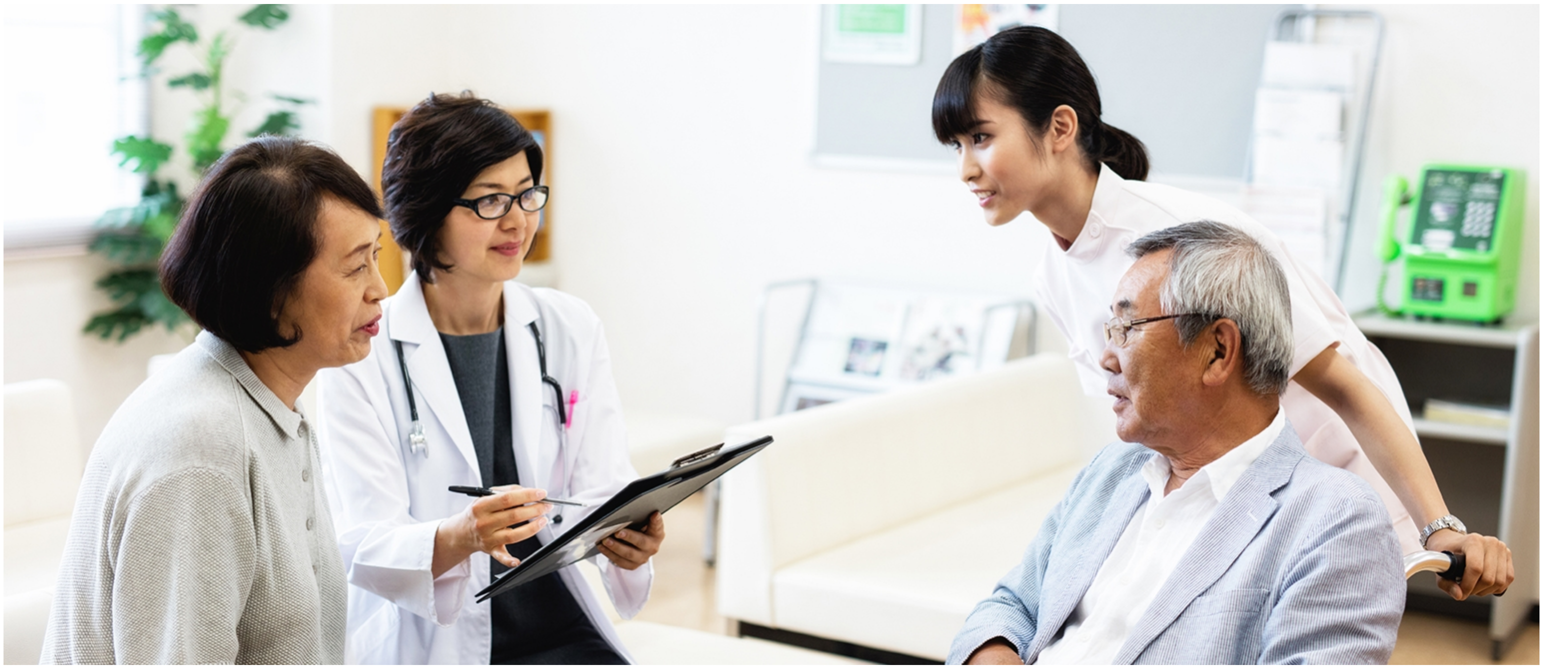
Guaranteed insurability

With this rider, you may increase your level of coverage without submitting to further health questions. This may be important to you if you're concerned that your health condition may change after you purchase your LTCI policy and you may want to purchase more insurance in the future. This option is particularly attractive if you're buying your LTCI policy when you're young.

Third-party notification

This benefit allows you to name a third party who would be notified by the insurance company if your policy is about to lapse because of your nonpayment of the premium due to mental or cognitive impairment. Many states require that insurance companies offer this option at no additional cost to you.

What Do Long-Term Care Insurance Policies Cover?



Long-term care refers to a broad range of medical and personal services designed to assist people who've lost their ability to function independently. If you're thinking of buying long-term care insurance (LTCI), you'll want to make sure it covers the services you may need.

Types of long-term care

Because some LTCI policies subsidize only certain forms of care, it's important to understand the terms. Long-term care may be divided into three levels:

- Skilled care may be continuous round-the-clock care designed to treat a medical condition; it's ordered by a doctor and administered by skilled medical workers, such as registered nurses or professional therapists, as part of an established treatment plan
- Intermediate care is intermittent nursing and rehabilitative care provided by registered nurses, licensed practical nurses, and nurse's aides under a doctor's supervision
- Custodial care helps the patient perform daily living activities (e.g., bathing, eating, and dressing); it can be provided by someone without professional medical skills, but it's supervised by a doctor

Generally, LTCI policies will, for a specified period of time (called the benefit period), pay a selected dollar amount per day toward skilled, intermediate, or custodial care in nursing homes, assisted-living facilities, or the insured's home. Typical benefit periods run from two to five years, and most policies pay $40 to $150 per day or more in daily benefits.

Where it's happening

LTCI policies sometimes limit the facilities where you can choose to receive such care. Generally, though, LTCI will pay for care in nursing homes, assisted-living facilities, and at home.

Many nursing homes provide all three levels of long-term care. When a patient no longer needs skilled care, he or she can be transferred to an intermediate or custodial care section within the same facility, or perhaps released to an assisted-living facility or to home care. Assisted-living facilities generally provide rental rooms or apartments, housekeeping services, meals, social activities, and transportation; some, most notably continuing care retirement communities, also provide long-term nursing care and guaranteed lifetime services.

Home health care makes sense when you're recovering from an injury or an illness and don't need 24-hour care. If you have a medical condition that requires nursing care, daily monitoring, or therapy, you can hire a nurse or an aide to help you. You may also need custodial care and perhaps household help with cleaning, laundry, or shopping. In some instances, you might live with a relative who works and cannot care for you all day. Home health care might then be coupled with adult day care in centers that provide social interaction, therapeutic activities, preventive health services, and nutritious meals.

What long-term care insurance policies don't cover

To know what a particular LTCI policy covers, be sure to check the details of the policy.

Do you have any medical conditions from which you experienced symptoms, or for which you sought medical advice or treatment, within one to five years before applying for LTCI? If so, check what the policy covers. Some ignore pre-existing conditions, while others refuse to pay for treatments related to them--it might all depend on how long ago the condition first appeared. Many companies impose a waiting period (up to six months) before coverage for pre-existing conditions goes into effect. In all cases, you should disclose your true medical history to the insurance company on your application. If you do not disclose a pre-existing condition and the company discovers this later on, it may not pay for treatment related to that condition or may even cancel your policy.

Check to see what, if anything, isn't covered. Alzheimer's disease, senility, and Parkinson's disease are common reasons for needing long-term care; make sure your policy doesn't exclude paying for care associated with these conditions. Also, most policies won't pay benefits for a person with an alcohol or drug addiction, an injury caused by an act of war, or injuries that were self-inflicted or the result of an attempted suicide.

Using Life Insurance Riders to Pay for Long-Term Care

If you're thinking about buying a stand-alone long-term care insurance (LTCI) policy, you might have another option. An increasing number of states are permitting the sale of long-term care hybrid products that allow you to obtain long-term care coverage with a special rider added on to your life insurance policy.

How does it work?

When it comes to long-term care, you might be able to add an acceleration rider to your life insurance policy that will allow you to tap into (accelerate) your death benefit if you need long-term care during your life. For such a rider to take effect, most insurers require a prognosis of death within 12 months, and your benefits may be limited to a percentage of the face amount in your policy. Of course, your death benefit will be reduced by the amount of benefits you receive. If your long-term care costs are high, you may eventually deplete your death benefit (assuming your policy allows it). This would negate the original purpose of your life insurance policy--to provide financially for your family members after your death.

How do I get the funds?

The operation of long-term care riders can differ from company to company. For example, in some cases you'll be reimbursed for your long-term care expenses as they're incurred, up to the limit set by the rider. In other cases, you may receive a percentage of the death benefit each month, which you can then apply to your long-term care expenses. Before you purchase such a rider, make sure you understand exactly how you'll be reimbursed.

In addition, you'll want to know what triggers the prepayment of your death benefit that can be used for long-term care. For example, does simply needing home health care entitle you to benefits, or will you need to be chronically ill and unable to perform at least three activities of daily living to start receiving benefits?

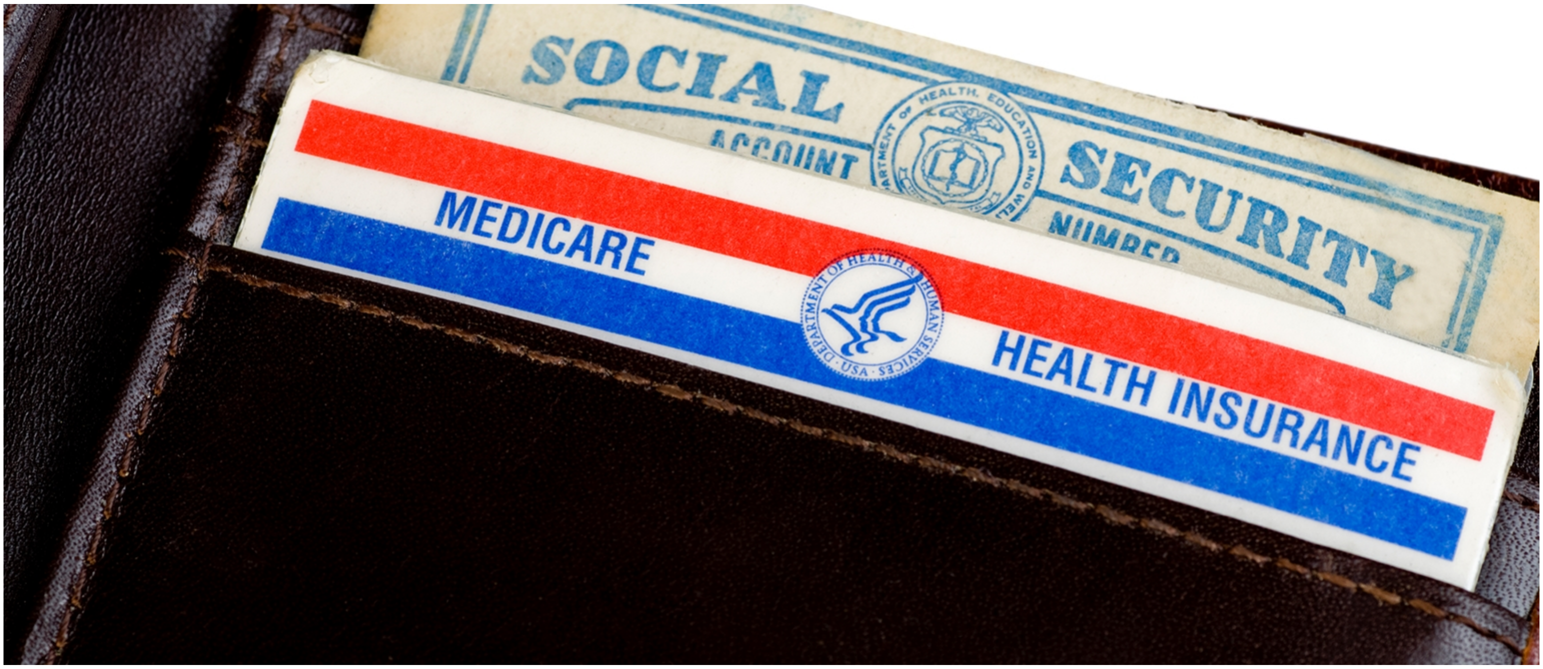
How do I decide if I should buy a long-term care rider or a separate long-term care insurance policy?

Opinions differ on whether an acceleration rider can be an adequate substitute for a separate LTCI policy. The answer depends in part on the size of your life insurance policy, the money you'll receive while the policy is in force to pay your long-term care costs, and how much long-term care is expected to cost at the time you'll need it.

If you do the math, you'll probably discover that an acceleration rider on your life insurance policy won't cover all of your long-term care expenses. In fact, it may give you a false sense of security that all of your needs will be met. And keep in mind that long-term care benefits you receive will reduce the policy's death benefit, possibly leaving little or nothing for your remaining family members.

However, the premiums on a stand-alone LTCI policy can be very costly, depending on your current age, your health, and the benefits offered. If these costs make such a policy prohibitive, a long-term care rider on your insurance policy may be a plausible middle-ground solution. A rider can allow you to tap into funds in the future should you need long-term care (even if that means less for your surviving loved ones). For help in assessing your personal situation, contact an insurance professional.

Coordinating Long-Term Care Insurance with Government Benefits



If you're a senior, the future may present more of a concern than it once did--you may wonder what you'll do if your health deteriorates. If you must enter a nursing home, for example, how will you pay for it? Fortunately, you may have several options. One such option is long-term care insurance (LTCI). Government-regulated programs can also help. These include Medicare, Medigap, and Medicaid.

If you lack sufficient resources to pay for long-term care on your own, should you buy LTCI, rely only on government programs, or use an LTCI policy to supplement government benefits? Before you can answer this question, you'll need to know what types of long-term care are covered under each program. Figuring out where one program leaves off and another begins can be a challenge, so here's an overview.

The three types of long-term care

There are basically three types of long-term care: skilled care, intermediate care, and custodial care. You need to understand how these types of care are defined, and the extent to which you can obtain coverage for each of them.

What is skilled care?

Skilled care is continuous round-the-clock care required to treat a medical condition. It is ordered by a doctor and usually delivered by a skilled medical worker (e.g., a registered nurse or professional therapist). A treatment plan is established and supervised by a doctor.

Medicare's coverage of skilled care

Medicare is a federal health insurance program for people age 65 and older and certain others. It provides 100 percent coverage for the first 20 days in each benefit period (year) that you're in a skilled care facility--as long as certain conditions are met:

- Before moving into a skilled care facility, you must have spent at least 3 consecutive days in the hospital for the same condition
- This hospital stay must be within 30 days of the time you enter the skilled care facility, and
- Skilled care must be provided in a certified facility

You are required to pay a daily co-payment for the 21st through 100th day in a skilled care facility, but Medicare covers any expenses beyond this amount. Medicare provides no coverage for expenses incurred after the 100th day.

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Medigap's coverage of skilled care

Medigap is supplemental health insurance sold by private insurance companies (under federal guidelines) to fill in some of the gaps in Medicare's coverage. Most Medigap plans cover your daily Medicare co-payment for the 21st to 100th day of skilled care.

Long-term care insurance's (LTCI's) coverage of skilled care

LTCI pays a selected dollar amount per day for a specified period for certain forms of care in nursing homes and other settings. You'll need LTCI if you want coverage beyond the 100th day of care in a skilled care facility. Because many people who enter such facilities stay for several years, LTCI can provide valuable financial protection.

What is intermediate care?

Intermediate care is care needed on only an occasional basis (daily or a few times a week), and is less specialized than skilled care. It is provided by trained medical workers under the supervision of a doctor.

Medicare and intermediate care

Medicare may cover certain types of intermediate care, but only under specific conditions. For example, it covers skilled nursing care, physical therapy, and speech therapy services provided in your home, but only if you are confined to your home and a doctor orders the services. Intermediate care in a nursing home is typically not covered by Medicare.

Medigap and intermediate care

Most Medigap policies provide an additional amount per at-home visit for intermediate care, but only if a doctor orders the services as a follow-up to an injury or illness. Intermediate care received in a nursing home is typically not covered by Medigap.

LTCI and intermediate care

Most LTCI policies provide coverage for intermediate care services provided in the home or in a facility. (Home health care and care in a facility can be purchased separately or together.) If you have the coverage for either home or facility care, LTCI will cover all three levels of care. In addition, many LTCI policies cover care received in continuing care retirement communities, assisted-living centers, and adult day-care centers.

What is custodial care?

Custodial care is provided to assist in performing the activities of daily living (e.g., bathing, eating, and dressing). It does not require a doctor's orders and can be performed by someone without professional medical skills. This type of care can be provided at home or in a facility.

Medicare and Medigap don't cover custodial care

Medicare provides no coverage for custodial care, because these services are generally nonmedical in nature. Medigap also provides no coverage for custodial care.

LTCI does cover custodial care

If you are concerned about coverage for custodial care, an LTCI policy may be appropriate. Along with coverage for personal care, many policies may also include coverage for light housekeeping, meal preparation, and laundry services, among other things. If you have the coverage for either home or facility care, it will cover all three levels of care. When you're shopping for an LTCI policy, keep in mind that most long-term care is custodial in nature.

Using Medicaid to pay for your long-term care expenses

Medicaid is a joint federal-state program that provides medical assistance to low-income individuals who are aged, disabled, or blind. To qualify for Medicaid's long-term care benefits, you must be financially and medically eligible. Financial eligibility is based on the amount of your income and the value of your assets. In most states, Medicaid will pay for all three levels of care if you meet the same general medical requirements that would be present in an LTCI policy.

Unfortunately, meeting Medicaid's financial requirements is difficult. In fact, many people are forced to exhaust their life savings to qualify for Medicaid. Others will not meet the requirements for Medicaid and will be unable to rely on the government to care for them. A comprehensive LTCI policy can help pay for long-term care costs and preserve family assets.

Note: The Deficit Reduction Act of 2005 gave all states the option of enacting long-term care partnership programs that combine private LTCI with Medicaid coverage. Partnership programs enable individuals to pay for long-term care and preserve some of their wealth. Although state programs vary, individuals who purchase partnership-approved LTCI policies, then exhaust policy benefits on long-term care services, will generally qualify for Medicaid without having to first spend down all or part of their assets (assuming they meet income and other eligibility requirements).

Medicaid and Nursing Home Care

As you enter your 60s and 70s, health may become more of an issue than it once was, and your thoughts may turn to the future. Who will take care of you when you can no longer care for yourself? If you must enter a nursing home, how will you pay for it? By learning as much as you can about Medicaid right now and planning appropriately, you may be able to resolve these issues and create a more secure future.

Nursing homes provide different levels of long-term care

You may need to enter a nursing home if you become physically or mentally incapacitated and can no longer care for yourself properly. If the services of an in-home caregiver are inadequate or unavailable, or if you require around-the-clock care, entry into a nursing home on a long-term basis may be your only option.

A nursing home is a state-licensed facility that may provide skilled nursing care, intermediate care, and/or custodial care.

- Skilled care: This around-the-clock care, ordered by a physician and performed by skilled medical personnel, is designed to treat a medical condition.
- Intermediate care: This involves occasional nursing and rehabilitative care provided by registered nurses and certain other medical personnel under the supervision of a physician.
- Custodial care: This type of care is designed to help you perform the activities of daily living (e.g., bathing, eating, dressing). It can be provided by someone without professional medical skills but is supervised by a physician.

Medicaid can help you pay for nursing home care

Medicare (Part A), Medigap insurance, and Medicaid can each provide some assistance in paying for long-term care. However, Medicare and Medigap provide only short-term coverage for skilled care at nursing homes; only a certain number of days per year are covered. Also, they do not provide coverage for intermediate and custodial care in nursing homes.

In contrast, Medicaid (in most states) will pay for skilled care and intermediate care in nursing homes, and for custodial care at home. The bottom line is that most nursing home residents are left with only three alternatives for paying their nursing home bills: Medicaid, their own assets (e.g., cash, investments), and long-term care insurance (LTCI).

Although an LTCI policy may be an ideal solution, you may not be able to purchase such a policy later in life if you're uninsurable for health reasons, or if you find the premiums too high. If you don't want to spend your life savings on nursing home bills and can't afford LTCI premiums, qualifying for Medicaid may be your best bet. With proper planning, you may be able to qualify for Medicaid, protect your healthy spouse (if you have one), and even leave some assets to your loved ones after you're gone.

You must satisfy several requirements to qualify for Medicaid

Medicaid is a joint federal-state program that provides medical assistance to various low-income people, including those who are aged (i.e., 65 or older), disabled, or blind. It can pay for a number of costs, including hospital bills, physician services, and long-term care. Medicaid is the single largest payer of nursing home bills in America and is the last resort for people who have no other way to finance their long-term care. Although the eligibility rules vary from state to state, federal minimum standards and guidelines must be observed.

In addition to you meeting your state's medical and functional criteria for nursing home care, your assets and monthly income must each fall below certain limits if you are to qualify for Medicaid. However, several assets (which may include your family home) and a certain amount of income may be exempt or not counted.

Although many people are ineligible for Medicaid when they first enter a nursing home, several states allow elders to enter and then spend down their income and assets on nursing home bills to become eligible. This can be a great advantage. On the downside, though, you may have to kiss your life savings good-bye.

That's where Medicaid planning comes in. In determining your eligibility for Medicaid, a state may count only the income and assets that are legally available to you for paying bills. You can make assets unavailable by giving them away or by holding them in certain trusts. However, in some cases, such transfers may create a period of ineligibility before you can collect Medicaid. So, to engage in proper Medicaid planning, you should consult an experienced elder law attorney.

Choosing the right nursing home takes research

Because nursing homes have long waiting lists, you should research the nursing homes in your area before an emergency arises. If you plan on using Medicaid to pay for your nursing home care, make sure that the facility you select accepts Medicaid--not all nursing homes do. Many others restrict the number of Medicaid "beds" in the nursing home (some states, however, prohibit this). Also, be aware that if Medicaid will be paying for your nursing home care, you will not be entitled to a private room.

You should consider several factors when choosing a nursing home. These include:

- Level of medical care: Some homes provide mainly custodial care. If you think that you may need skilled nursing care in the future, don't choose a home that offers only custodial care.
- Cost of care: You will pay less at some facilities than at others. Compare the cost of each facility with the quality of care and the services provided.
- Recreational opportunities: Consider whether the nursing home organizes outside or in-house recreational activities for its residents.
- Appearance of grounds and facilities: The nursing home should be clean and well maintained. A bad smell is one sign of a poor-quality nursing home.
- Resident/staff ratio and interaction: Determine if the resident/staff ratio meets or exceeds state and federal requirements. Also, notice how staff members treat residents.

When you find a nursing home that you like, you should find out if a bed will be available for you, or if you can add your name to a waiting list. And remember, Medicaid planning should be done well before the need for a nursing home arises.

For more information on how to evaluate a nursing home, contact your state department of elder services.

Caring for Your Aging Parents

Caring for your aging parents is something you hope you can handle when the time comes, but it's the last thing you want to think about. Whether the time is now or somewhere down the road, there are steps that you can take to make your life (and theirs) a little easier. Some people live their entire lives with little or no assistance from family and friends, but today Americans are living longer than ever before. It's always better to be prepared.

Mom? Dad? We need to talk

The first step you need to take is talking to your parents. Find out what their needs and wishes are. In some cases, however, they may be unwilling or unable to talk about their future. This can happen for a number of reasons, including:

- Incapacity
- Fear of becoming dependent
- Resentment toward you for interfering
- Reluctance to burden you with their problems

If such is the case with your parents, you may need to do as much planning as you can without them. If their safety or health is in danger, however, you may need to step in as caregiver. The bottom line is that you need to have a plan. If you're nervous about talking to your parents, make a list of topics that you need to discuss. That way, you'll be less likely to forget anything. Here are some things that you may need to talk about:

- Long-term care insurance: Do they have it? If not, should they buy it?
- Living arrangements: Can they still live alone, or is it time to explore other options?
- Medical care decisions: What are their wishes, and who will carry them out?
- Financial planning: How can you protect their assets?
- Estate planning: Do they have all of the necessary documents (e.g., wills, trusts)?
- Expectations: What do you expect from your parents, and what do they expect from you?

Preparing a personal data record

Once you've opened the lines of communication, your next step is to prepare a personal data record. This document lists information that you might need in case your parents become incapacitated or die. Here's some information that should be included:

- Financial information: Bank accounts, investment accounts, real estate holdings
- Legal information: Wills, durable power of attorneys, health-care directives
- Funeral and burial plans: Prepayment information, final wishes
- Medical information: Health-care providers, medication, medical history
- Insurance information: Policy numbers, company names
- Advisor information: Names and phone numbers of any professional service providers
- Location of other important records: Keys to safe-deposit boxes, real estate deeds

Be sure to write down the location of documents and any relevant account numbers. It's a good idea to make copies of all of the documents you've gathered and keep them in a safe place. This is especially important if you live far away, because you'll want the information readily available in the event of an emergency.

Where will your parents live?

If your parents are like many older folks, where they live will depend on how healthy they are. As your parents grow older, their health may deteriorate so much that they can no longer live on their own. At this point, you may need to find them in-home health care or health care within a retirement community or nursing home. Or, you may insist that they come to live with you. If money is an issue, moving in with you may be the best (or only) option, but you'll want to give this decision serious thought. This decision will impact your entire family, so talk about it as a family first. A lot of help is out there, including friends and extended family. Don't be afraid to ask.

Evaluating your parents' abilities

If you're concerned about your parents' mental or physical capabilities, ask their doctor(s) to recommend a facility for a geriatric assessment. These assessments can be done at hospitals or clinics. The evaluation determines your parents' capabilities for day-to-day activities (e.g., cooking, housework, personal hygiene, taking medications, making phone calls). The facility can then refer you and your parents to organizations that provide support.

If you can't be there to care for your parents, or if you just need some guidance to oversee your parents' care, a geriatric care manager (GCM) can also help. Typically, GCMs are nurses or social workers with experience in geriatric care. They can assess your parents' ability to live on their own, coordinate round-the-clock care if necessary, or recommend home health care and other agencies that can help your parents remain independent.

Get support and advice

Don't try to care for your parents alone. Many local and national caregiver support groups and community services are available to help you cope with caring for your aging parents. If you don't know where to find help, contact your state's department of eldercare services. Or, call (800) 677-1116 to reach the Eldercare Locator, an information and referral service sponsored by the federal government that can direct you to resources available nationally or in your area. Some of the services available in your community may include:

- Caregiver support groups and training
- Adult day care
- Respite care
- Guidelines on how to choose a nursing home
- Free or low-cost legal advice

Once you've gathered all of the necessary information, you may find some gaps. Perhaps your mother doesn't have a health-care directive, or her will is outdated. You may wish to consult an attorney or other financial professional whose advice both you and your parents can trust.

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The information provided is not intended to be a substitute for specific individualized tax planning or legal advice. We suggest that you consult with a qualified tax or legal professional.

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