

Long-Term Care, Planning & Protecting During Your Working Years

Long-term care (LTC) insurance and ways to protect one's assets while retaining options for such care are often misunderstood and overlooked by individuals in all facets of life. In stating that, most of us know it is critical to consider putting a plan together to help protect ourselves and our families as we get older, knowing that at some point in our lives we may need to rely on partial or full-time skilled nursing and assistance.

This topic of long-term care has been very personal to me in that both of my parents needed assisted living skilled care and full-time nursing home care for two years before they both passed away. It had a big impact on their personal finances and their control of their own personal care options. I am sorry to say that they did not plan for this during their working years, nor did they have access to secure such protection through their employers. Many employers, public and private, are not aware that they can set up a voluntary LTC insurance program for their workforce to obtain access to coverage.

Most employers and employees focus on insurance plans that are in high demand and very common like health, life, dental, disability, home and auto. Heck, many of us even have cell phone insurance coverage! When those core areas are taken care of and protected, it brings us peace of mind and security. Most of us do not think about at-home assisted living or nursing home care that we may need after our working years. So many of us also do not plan for the financial costs of uncovered care as most assisted living and nursing home care is not covered by our employer's health plan, individual health plan or Medicare health coverage in retirement. LTC is mostly paid for privately out of pocket or via a LTC insurance policy obtained either through the workplace or purchased privately.

LTC Insurance Accessed Via the Employer

Employers should give long-term care insurance that is accessible through the workplace as part of their voluntary offerings (100% employee paid) its due attention and review. Why is this important from an employer's point of view? Bringing that peace of mind of future financial security and care options helps employees be more productive and loyal to their employers. Since it is competitive to keep good and great employees, this is one such additional retention tool that can help. To connect with that, each employee also has a unique potential need for LTC insurance at some point in their lives and the costs related to this care is often not covered by our health and welfare plans. A voluntary LTC offering may serve as a catalyst to help employees review their own specific situations and understand better how to plan and address it.

What Is Long-Term Care?

Long-term care refers to a wide variety of medical care, social support services, and personal professional care for people who are mentally and/or physically unable to independently care for themselves for a long period of time. This care may come in the form of at-home skilled nursing care or full-time nursing home care.

Why is Long-Term Care Insurance Offered at the Workplace Important to Consider?

Providing employer paid or voluntary employee paid benefits is critical to caring for your workforce. These benefits are highly viewed and appreciated by employees. LTC insurance that is properly reviewed and put into place may be a reasonable and affordable method in which to fund potential future costs related to at-home skilled care or nursing home care. Again, if planned early enough in your working years, saving your own funds for this care is also an effective method, but often it is not reviewed or considered until our later working years, which can put on a strain on saving those additional needed dollars.

At TRICOR Insurance, we work to engage with our all our employer-based clients to help promote the review of all current and future risks and insurance policies that cover and help to mitigate those risks. Those risks are to our personal finances and monthly budgets in making sure we have the options for care when and where we choose to have that care delivered. We work to help understand the complexities of what the policy covers, and help employees discern what they can “self-insure” and protect with an insurance policy. Everyone’s situation is unique due to age, health, marital status, spouse/partner working or not, individual lifestyle, qualified and liquid assets, short and long-term liabilities, and current monthly expenses.

How is Long-Term Care Insurance Accessed?

Voluntary Group or Workplace LTC Insurance Program

LTC insurance as a benefit either fully or mostly paid for by an employer, like health insurance, is extremely rare, and I have only seen 1 or 2 cases of that in my insurance career since 1994. Several employers do offer voluntary group LTC insurance to their employees. These policies are 100% paid by the employee and are a great way to secure such coverage because medical underwriting is often more liberal, along with significant group discounts, for everyone who elects to purchase the coverage. These purchases are most often handled through payroll deduction, which takes a lot of hassle out of the premium payments.

Individual/Private LTC Insurance

Another avenue in reviewing and securing a LTC insurance policy is to purchase one privately online or through a licensed life/health insurance agent. In this method, medical underwriting is more in-depth and group discounts to employees would not apply.

When Should Someone Consider Buying a LTC Insurance Policy?

A high-level rule of thumb I have learned over the years is that if your household net worth (total assets minus total liabilities, including your home) is between \$500,000 and \$2,000,000, a LTC insurance policy should be reviewed and considered between the age of 50 and 65 years old. This is a very high-level rule of thumb as putting a value on future pension income would need to be calculated in and considered in the due diligence process. The idea is that between \$0 and \$500,000 of net worth, the coverage likely may be too expensive to be worth securing a policy. On the other side, if you have \$2,000,000 or more in total net worth, you likely may be able to self-insure future long-term care needs. Several types and styles of policies are available.

What are some of the statistics on Long-Term Care Costs and Insurance?

Sources: [2014 Genworth Cost of Care Survey](#), [Thefiscaltimes.com Boomers-Turn-65-Every-Day](#)

- According to the 2014 Genworth Cost of Care survey, the average nursing home costs \$240 per day for a private room, totaling nearly \$90,000 per year.
- A home health aide costs well over \$20 per hour. Rates vary based on region, accommodations, services provided, and quality of care.
- Assisted living rates average \$43,200 per year; again, rates vary depending on region and services provided.
- Medicare only reimburses LTC for a maximum of 100 days, with the average repayment lasting only 28 days.
- The average age at which an individual will purchase LTC Insurance is 62.

Important Disclaimer: We strongly recommend speaking with a licensed professional for an assessment of your individual needs before making an LTC insurance purchase.



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