

MAKE LONG-TERM CARE COVERAGE MORE AFFORDABLE

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Savvy Living



I have been thinking about getting a long-term care insurance policy, but have found the monthly premiums to be very expensive. How can I find cheaper coverage?

Cost is usually the biggest factor that keeps most people from purchasing long-term care insurance - only around eight million Americans currently have a policy.

Depending on your age, health and the provisions of the policy, costs can range anywhere from \$1,000 up to \$5,000 a year for an individual policy that covers nursing home care, assisted living and in-home care. Fortunately, there are various cost-cutting strategies that can help you save and still get adequate coverage. Here are several to consider.

Buy young: The most basic way to get long-term care insurance at a cheaper rate is by purchasing it at a younger age. For example, a typical policy that costs a 55-year-old \$1,500 a year in premiums could cost a 65-year-old \$3,000. Health is another factor that can affect costs. While good health can lower your monthly payments, having a preexisting medical condition can increase your costs, or you may not be able to get insurance at all.

Sign up as a pair: Many insurers offer 20-30% discounts on premiums if you sign up at the same time as your spouse, partner or sibling.

Choose a shorter benefit period: Most people need long-term care for just under three years on average. So, by choosing a policy that covers you for two or three years, versus five or more years, it can cut your premiums by 20-40%.

Lengthen the time you pay: Most policies have 30 to 90-day waiting periods that require you to pay out-of-pocket for care before the policy kicks in. By choosing a longer wait period, it can lower your premiums 15-20%.

Lower the daily benefit: You can get a policy that pays out \$100, \$150, \$200 per day or more, but the higher the benefit, the higher your premium. So consider a plan that covers two-thirds the daily cost and pay the other third out of savings. That could cut your premiums by about one-third.

Buy lower inflation protection: Inflation coverage protects you from the rising costs of care. Five percent compounded annually has been a common practice in the industry but it's expensive. Consider a policy that has a 3% CPI-adjusted inflation protection. This can save you 50% or more.

Get state help: Currently, 41 states have a long-term care partnership program that can help you save too. Under these programs, if you buy a long-term care policy approved by your state Medicaid agency, you can protect an amount of assets from Medicaid equal to the benefits that your policy pays out. With this program you can choose a shorter benefit period, which will lower your premiums. See aaltci.org/partnership to learn more.

Savvy Living is written by Jim Miller, a regular contributor to the *NBC Today Show* and author of "The Savvy Living" book. Any links in this article are offered as a service and there is no endorsement of any product. These articles are offered as a helpful and informative service to our friends and may not always reflect this organization's official position on some topics. Jim invites you to send your senior questions to: Savvy Living, P.O. Box 5443, Norman, OK 73070.

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