



Managing Long-Term Care Expenses

Medicare and most medical insurance plans don't cover the cost of nursing homes or other long-term care, such as help with daily living activities, including getting dressed, bathing, using the bathroom and administering medications. Typically, the only time these costs are covered by medical insurance plans is when a patient goes directly from a hospital to a skilled nursing facility for recovery and rehabilitation from an acute illness or injury. But even in this situation, there can be restrictions regarding the length of stay and the insurance policy's definition of "recovery and rehabilitation."

Nursing homes can be expensive and cost \$50,000 per year or more. An extended stay can easily wipe out retirement resources. If you need long-term care, here are possible solutions:

- relying on friends and family,
- hiring nurses or other professionals to provide home care, on either a part-time or full-time basis,
- using a senior day-care facility and going home at night, or
- living full-time at a long-term care facility or nursing home.

Some people like the security of purchasing insurance that will cover part or all of the expenses of long-term care. With such policies, you begin paying premiums while you're in good health and pay them for the rest of your life. Note that employer-sponsored plans may be a better buy than individually purchased plans.

The advantages of long-term care (LTC) insurance are that they can protect you from financial ruin, and give you peace of mind. But there are a few disadvantages when it comes to LTC insurance. Premiums are expensive and can range from \$2,000 to \$3,000 per year or more if you purchase a policy in your fifties or early sixties. Policies are also complicated and hard to understand; fine print can deny benefits you thought you might receive. Finally, these policies are in a state of constant change as the insurance industry develops more experience, so it may pay to wait until better policies emerge.

Here are alternative strategies to consider:

- Be serious about your lifestyle. Most illnesses that put people in nursing homes result from an unhealthy lifestyle. Improving your health can significantly reduce the odds of needing a nursing home in your later years.
- Take the same money that you might have spent for insurance premiums, and invest them in a special account that's earmarked for long-term care expenses. Over time, this can accumulate to a sizable amount.
- Pay off your home mortgage. If you need to go to a nursing home in your later years, you can tap the home equity to pay for these expenses, either by selling the home, using a reverse mortgage or taking a home equity loan.

Protecting against the risk of long-term care expenses is one of the more complicated aspects of planning your *rest-of-life*. Here's where it really pays to be a student and keep abreast of new ideas and financial products.



Age	Annually	Semi-Annually	Quarterly	Annual
6 month-25	220.00	112.21	59.41	78.31
26 - 30	290.00	147.91	102.61	137.21
31 - 35	380.00	193.81	137.21	186.31
36 - 40	510.00	260.11	186.31	250.84
41 - 45	690.00	351.91	250.84	325.51
46 - 50	929.00	473.80	325.51	411.21
51 - 55	1,204.00	614.05	411.21	508.21
56 - 60	1,520.00	777.25	508.21	617.21

