

Ea\$y Money – Insurance: Long-term Care

What it is: The phrase long-term care refers to the medical and social services designed to help people with chronic illnesses, disabilities or other conditions that they may need on a daily basis over an extended period of time. The type of help can range from assistance with daily activities (such as bathing, dressing and eating) to skilled care and traditional medical services and housing.

How it works: A good time to purchase a policy is when you're younger and in good health. Long-term care policies cost more as you age and if you have a serious health condition, you may not be able to get coverage.

Long-term care is just one piece of financial planning and estate planning. Talk to a financial adviser or a lawyer who specializes in elder law or estate planning. Often they can help you and your family review the pros and cons of purchasing long-term care insurance and develop a savings plan.

Why it matters? Take time to review the policy's coverage and premiums. Consider carefully how the premiums impact your budget now and in the future. Premiums often increase over time, and your income may go down. You could lose all the money you've invested in a policy if you are unable to make current payments on the policy.

Long-term care insurance policies can be purchased through an insurance agent or broker but many people purchase policies through their employer. Employer policies are often available at a discounted rate and some waive or relax medical requirements to qualify. Benefits may also be available to family members. They would be responsible for premium payments and would be required to pass medical screenings. In most cases, if you leave the employer or the employer stops providing the benefit, you'll be able to retain the policy or receive a similar offering if you continue to pay the premiums.

Who should care? Planning a family meeting to review all resources and concerns is a good first step for most families. Review all your options including family and friends who can provide

long-term care should you need it. Think about whether or not you would want their help and how much you can reasonably expect from them and work together on an appropriate transition plan.

For more information

- AARP www.aarp.org
- Iowa State University Extension and Outreach Money Blogs tips
<http://blogs.extension.iastate.edu/moneytips/>
- Iowa State University Extension and Outreach website at
www.extension.iastate.edu/humansciences/
- National Association of Insurance Commissioners, www.naic.org