

PROTECTING YOUR RETIREMENT

Understanding Long-Term Care Insurance

by Jim Heyer

(NAPSA)—A growing number of baby boomers are beginning to consider how a long-term illness and the need for long-term care have the potential to drain their retirement funds and derail their plans.

Long-term care insurance can be a critical part of a holistic financial and retirement plan.

What is long-term care?

Long-term care is the care and assistance needed by those who are no longer capable of independently performing everyday living activities, such as bathing, dressing and preparing meals.



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In addition to the care and supervision required by those afflicted with conditions such as Alzheimer's disease and strokes, other common health conditions such as diabetes, arthritis and heart disease can eventually require long-term care.

This type of care can be received in an assisted-living facility, a nursing facility or in one's home. Many of those needing long-term care services today are receiving it from family members.

Why do I need long-term care insurance?

Long-term care can be expensive. The cost of a nursing facility averages about \$75,000 a year, with the cost being much higher in certain areas of the country. While not as costly, an assisted-living facility still averages about \$35,000 a year.

Long-term care insurance can help pay for these costs helping to protect your property and preserve your assets.

How likely am I to ever need long-term care? Chances

are good that you will, and living a longer life increases the chances. The Centers for Medicare & Medicaid Services estimates that 60 percent of those age 65 and older will need this type of care at some point in their lives.

Doesn't Medicare or my Medicare supplement policy cover the expenses associated with long-term care?

Medicare and Medicare supplemental coverage are designed to provide benefits primarily for acute care situations, such as physician's fees and hospital charges. Medicare provides extremely limited benefits for a short stay in a skilled nursing facility, and only under certain conditions.

What's the average cost of a long-term care insurance policy?

According to a 2005 LifePlans survey, the average annual cost of a policy is about \$2,000.

When should I start considering long-term care insurance?

The average age of people buying long-term care insurance is about 58 and has been dropping for the last 10 years. Starting to use long-term care insurance as part of a prudent financial and retirement plan in your early 50s is a good idea.

It's important to note that premiums are based on your age and health when you first purchase the policy, so the older you are when you buy, the more it will cost. As a result, it's usually in the consumer's best interest to purchase it early, rather than waiting until later.

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