

# Own Your Future



## Planning guide for long-term care

- Planning options for your future
- Understand long-term care insurance
- Resources available for more information



# Introduction

Welcome to Own Your Future!

This guide is designed to help you learn how to own your future by maintaining the lifestyle you have worked for all your life. It will get you started planning for your future needs.

Long-term care is a variety of services that help people with health or personal needs and activities of daily living over a period of time. The fact is, 60 percent of people over 65 will need some type of long-term care. Long-term care does not mean a complete loss of independence or control over your life. The keys to owning your future are planning early and wisely, knowing your options, and taking action. It is about living well.

This guide has eight sections that outline a roadmap for planning your future. It includes practical advice, steps you can take now and resources for more information. An audio CD goes with this guide and has stories of people like you who have started planning for long-term care. This kit is a valuable tool for helping you prepare for the years ahead.

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A note about the symbols used in this guide:



Means a computer website address.



Means a telephone number.

# Focus on your finances.

Long-term care can be very expensive. Many Americans are surprised to learn that Medicare and most health insurance plans, including Medigap policies (Medicare supplemental insurance), do not cover long-term care. State Medicaid programs cover some long-term care services only for people who have a low income and few resources.


While costs for nursing home care vary widely, they average about \$6,350 a month. This can cost approximately \$60,000 to \$70,000 a year, or more. People who receive long-term care services at home spend an average of \$1,600 a month.


You can plan to cover the cost of long-term care you may need in the future with long-term care insurance, savings plan annuities, certain life insurance policies, and reverse mortgages. The best way to pay for long-term care depends on your personal finances and family circumstances.

Putting a financial plan in place now can help to preserve both your savings and your peace of mind.

## Steps you can take now

- Think about how much of the cost of long-term care you could afford from your own resources.
- Talk with an independent financial planner for more information.
- Ask your current or former employer if you are eligible for group long-term care insurance, savings plan annuities, or similar long-term care benefits.
- Learn about long-term care insurance, trusts, annuities, reverse mortgages or other options and whether they might be right for you.

 Call your local Area Agency on Aging to find out about other programs that might help pay for long-term care. Look under “Aging” or “Human Services” in the local government blue pages of the phone book for the number. The Eldercare Locator (1-800-677-1116), a toll-free information line, can also give you this number.

 If your income is low, you may qualify for Medicaid. Call your State Medical Assistance Office for more information about Medicaid eligibility and coverage. Look under “Medicaid” in the county government blue pages of the phone book for the number.

# Understand long-term care insurance.

Deciding to buy a long-term care insurance policy is an important decision. These policies can help pay for many types of long-term care, but they are not for everyone. Compare the costs and benefits of policies from different insurance companies when shopping. If you decide to buy, make sure you buy from a reliable company that is licensed by your state to sell long-term care insurance.

## What does it cover?

Long-term care insurance policies may cover nursing home stays, community services such as adult day care, in-home care, or a combination of these services. Most policies also cover costs for an assisted living facility. You can choose the type of coverage that is appropriate for you.

You can also choose how much coverage you want from the long-term care policy. Policies pay for a maximum amount of costs for each day of care. You can also decide how long you will want the coverage to pay for your care. For example, your policy may cover \$50 of in-home care per day for a period of three years. To help you determine the daily benefit amount that is right for you, find out the costs of long-term care in your local area.

A policy covering three to five years is the most cost-effective option for most people. However, if you are concerned about care for Alzheimer's disease or other types of dementia, you may want to consider more comprehensive coverage.

## How does it work?

Generally, you can start receiving benefits from a long-term care policy when a licensed health practitioner (doctor, nurse, or social worker) declares that you are eligible. You may qualify for benefits if you need long-term assistance with two or more activities of daily living, such as bathing, dressing, toileting, eating, and moving in and out of a bed or chair. A cognitive impairment, such as Alzheimer's disease, may also qualify you. Once it is determined that you are eligible for benefits, there is generally a waiting period before the policy begins paying for your care. You may have to pay for the services received during this waiting period.

## Is it right for me?

Generally, financial planners recommend considering long-term care insurance if you own assets of at least \$75,000 (this does not include your home or car); have annual retirement income of at least \$25,000 to \$35,000 for an individual or \$35,000 to \$50,000 for a couple; or are able to pay premiums without financial difficulty, even if premiums increase over time. Long-term care insurance is probably not for you if these factors do not apply to you.

Long-term care insurance can be expensive, depending upon your age when you buy the policy, coverage amounts and the benefits you choose. As an example, according to America's Health Insurance Plans (AHIP), the average annual premium paid for a long-term care policy in 2005 was \$1,973. This represents a comprehensive policy (covering both facility care and at-home care) that provides, on average, 5.5 years of benefits with a daily benefit amount of \$143. In 2005, just over 70% of all policies sold in the market also included some form of automatic inflation protection.

It is better to buy long-term care insurance at a younger age when premiums are lower. The chart below shows the average premium by age group for persons purchasing longer-term care insurance in 2005:

<b>Age</b>	<b>Average Premium Paid for Policies in the Market in 2005</b>
All ages	\$1,973
55 - 64	\$1,877
65 - 69	\$2,003
70 - 74	\$2,341
75 plus	\$2,604

## **Where do I shop?**

Compare the costs and benefits of policies from different insurance companies when shopping. If you decide to buy, make sure you buy from a reliable company that is licensed by your state to sell long-term care insurance. You may also be able to purchase a long-term care insurance policy through your private or public sector employer, including the federal government which offers a voluntary long-term care insurance plan.

## **What else should I consider?**

- Is there a waiting period? Some companies require you to receive care or be impaired for a certain period before the policy will begin to cover the services. Find out if there is more than one waiting period in your lifetime.
- Does the policy include a nonforfeiture benefit? If you stop paying premiums, this option can either provide you with limited benefits or return some of the premium amount that you already paid.
- Does the policy have inflation protection? This feature automatically increases your benefits by a small percentage each year so that your policy will continue to be able to cover costs as service prices increase. If you buy a policy before age 75, you may need this protection.



- Is the policy “tax-qualified” or “non-tax-qualified?” Be sure to ask if you are eligible for long-term care insurance tax incentives, which are available in many states.
- Does the policy have a benefit that your spouse can use if you die first?

## Steps you can take now

- Consider long-term care policies from at least three different companies that are licensed in your state.
- Read the outline of coverage for each policy that must come with the application or enrollment form.
- Complete the worksheet that is included in this guide.
- 📌 Contact your State Health Insurance Assistance Program (SHIP) for free one-on-one counseling and assistance regarding long-term care insurance. You will find the phone numbers in the back of this guide.
- 📌 Contact your State Insurance Department to find out where to buy long-term care insurance in your area.



# Establish clear legal directions.

Putting your legal affairs in order will give you peace of mind and make sure your wishes are followed.

Think about what you want while you have the time to think through the options clearly. You should put your wishes in writing, just in case you cannot speak for yourself or lose the ability to make decisions for yourself.



*“We both have strong feelings about what type of treatments we would want, but we’d never bothered to put those wishes in writing. Now that we have all of the necessary legal documents, our children and our doctors won’t have to guess about what we want and don’t want in case we can’t speak for ourselves.”*

## Steps you can take now

- Review all legal documents that are more than five years old to make sure they still express your wishes and meet your needs. These papers should be kept in one convenient place.
- Make sure you have a living will, durable power-of-attorney for health care or health care proxy.
- Find a lawyer in your area who can help you. Ask about the fees for a consultation and preparation of the documents that you need.
- If you live in a community with a law school, find out if there is a free legal clinic for seniors or contact your local community legal aid.



Visit [www.aoa.gov](http://www.aoa.gov). Select “Area Agencies on Aging.”



Call your local Area Agency on Aging to find out if your state has any legal services to help you. Look under “Aging” or “Human Services” in the local government blue pages of the phone book for the number. The Eldercare Locator (1-800-677-1116), a toll-free information line, can also give you this number.

# Decide who you can count on for help.

The first step in planning ahead is to pick someone who can help you make decisions about long-term care planning. Talk to them before you need services. Family members and friends can sometimes help you with personal activities. Other people prefer to hire caregivers or get help from volunteers and/or agencies. One of the advantages of getting help from your family for long-term care needs is that it may lower the cost.



*"After we spoke with our children, I felt better knowing that I can count on them to help us with decisions and planning for long-term care and I won't have to handle everything on my own."*

## Steps you can take now

- Talk to your family members about long-term care. Share your concerns and preferences, where you may want to live and any medical history which may be important in making decisions.
- Think about sharing your home with someone or a group of people in the future.

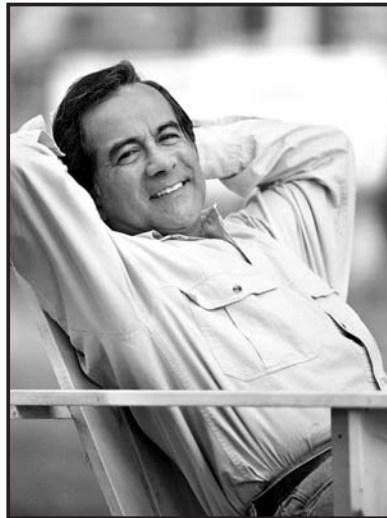


Contact the National Family Caregivers Association for more information on how to talk with your family and friends about long-term care at 1-800-896-3650 or [www.thefamilycaregiver.org](http://www.thefamilycaregiver.org).

Decide who  
you can  
count on  
for help

# Learn what your community has to offer.


There are many local organizations with services and programs that can help with personal activities. They can help you plan for long-term care by explaining their different services and programs. For example, most communities have adult day-care, senior centers, meal programs and help with shopping and transportation. Others offer tips on how to stay healthy as you age or where to go for support. Some of these services are free. Other community services are available for a cost.




*“Finding out what my community had to offer has made it easier to plan for my future. It has helped me gather information on services and programs that are there for me – now and in the future!”*

## Steps you can take now

- Learn about community services, programs, and whether they are available at no or low cost. Explore resources in your local community to find out what is available for you.
- Contact your faith community to find out if they can help with future long-term care needs, such as transportation or in-home services.
- Check with your doctor, local social service agency or hospital to help you locate different kinds of long-term care services available to meet your needs now and in the future.

 Call your local AARP (formerly known as American Association of Retired Persons) for tips on how to stay healthy as you age. Check under “Associations” in the yellow pages of the phone book for the number.

 Call your local Area Agency on Aging to get information on all the community services available for older people where you live. Look under “Aging” or “Human Services” in the local government blue pages of the phone book for the number. The Eldercare Locator (1-800-677-1116), a toll-free information line, can also give you this number.

Learn  
what your  
community  
has to offer

# Make sure your home remains a good fit.

Most people would prefer to stay in their own homes for as long as possible. However, homes that are easy to live in at age 50 can present problems later in life.

Some improvements can be inexpensive, like removing scatter rugs, making sure that smoke detectors are in working order, or replacing doorknobs. Bigger changes may include adding railings to outside steps, replacing floor coverings with slip-resistant carpet, or adding a bathroom to the ground floor of your home. Most home modifications will actually increase the value of your home.



*“Making changes to our home throughout the years has made our lives a lot easier and safer. In addition, the value of our home has increased as a result.”*



## Steps you can take now

- Start thinking about small changes to your home to keep it safe in the years ahead.



Visit [www.aarp.org](http://www.aarp.org) to get a home modification checklist.



For help in locating a local contractor trained in counseling seniors about home modification, call the National Association of Home Builders at 1-800-368-5242.



Call your local Area Agency on Aging to ask about subsidized senior housing and home repair in your area. Look under “Aging” or “Human Services” in the local government blue pages of the phone book for the number. The Eldercare Locator (1-800-677-1116), a toll-free information line, can also give you this number.



Contact the U.S. Department of Housing & Urban Development (HUD) for local contacts who can tell you about the FHA 203K program for home repairs for low income families at [www.hud.gov/offices/hsg/sfh/203k/menu.cfm](http://www.hud.gov/offices/hsg/sfh/203k/menu.cfm).



If you live in a rural area, call the local office of the U.S. Department of Agriculture about their Farmer’s Home Administration loans to low income borrowers for home improvements. The telephone number is in the government blue pages of the phone book.

Make sure  
your home  
remains a  
good fit

# Worksheet

## How to Compare Long-Term Care Insurance Policies

Fill in the information below so that you can compare long-term care insurance policies. Most of the information you need is in the outline of coverage provided in the policies you are comparing. Even so, you will need to calculate some information and talk to the agent or a company representative to get the rest.

### Insurance Company Information

1. Name of the insurance company  
Agent's name
2. Is the company licensed in your state?
3. Insurance rating service and rating

### Policy 1      Policy 2

yes / no	yes / no

### What levels of care are covered by this policy?

4. Does the policy provide benefits for these levels of care?

- Skilled nursing care?
- Personal/custodial care?

(In many states, both levels of care are required.)

5. Does the policy pay for any nursing home stay, no matter what level of care you receive?
  - If not, what levels aren't covered?

yes / no	yes / no
yes / no	yes / no

yes / no	yes / no

### Where can you receive care covered under the policy?

6. Does the policy pay for care in any licensed facility?
  - if not, what doesn't it pay for?

yes / no	yes / no

7. Does the policy provide home care benefits for:

- Skilled nursing care?
- Personal care given by home health aides?
- Homemaker services?
- Other \_\_\_\_\_?

yes / no	yes / no
yes / no	yes / no
yes / no	yes / no
yes / no	yes / no

8. Does the policy pay for care received in:

- adult day care centers?
- assisted living facilities?
- other settings? (list)

yes / no	yes / no
yes / no	yes / no

## Policy 1

## Policy 2

### How long are benefits paid and what amounts are covered?\*

9. How much will they pay per day for:

- nursing home care?
- assisted living facility care?
- home care?

\$	\$
\$	\$
\$	\$

10. Are there limits on the number of days or visits per year for which benefits will be paid?

If yes, what are the limits for:

- nursing home care?
- assisted living facility care?
- home care? (days or visits?)

yes / no	yes / no
----------	----------

days	days
days	days

11. What is the length of the benefit period that you are considering?

years	years
-------	-------

12. Are there limits on the amounts the policy will pay during your lifetime?

If yes, what are the limits for:

- nursing home care?
- assisted living facility care?
- home care? (days or visits?)
- total lifetime limit?

yes / no	yes / no
----------	----------

\$	\$
\$	\$
\$	\$
\$	\$

\* You may be considering a policy that pays benefits on a different basis, so you may have to do some calculations to determine comparable amounts.

### How does the policy decide when you are eligible for benefits?

13. Which of the “benefit triggers” does the policy use to decide your eligibility for benefits? (It may have more than one)...

- unable to do activities of daily living (ADLs)
- cognitive impairment (older policies may discriminate against Alzheimer’s; newer ones don’t)
- doctor certification of medical necessity
- prior hospital stay
- bathing is one of the ADLs

yes / no	yes / no
----------	----------

yes / no	yes / no
yes / no	yes / no
yes / no	yes / no
yes / no	yes / no

**Policy 1      Policy 2**

**When do benefits start?**

14. How long is the waiting period before the benefits begin for:

- nursing home care?
- assisted living facility care?
- home health care?
- waiting period – service days or calendar days?

days	days
days	days
days	days
service / calendar	service / calendar

15. Are the waiting periods for home care cumulative or consecutive?

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16. How long will it be before you are covered for a pre-existing condition? (Usually 6 months)

months	months
--------	--------

17. How long will the company look back in your medical history to determine a pre-existing condition? (Usually 6 months)

months	months
--------	--------

**Does the policy have inflation protection?**

18. Are the benefits adjusted for inflation?

yes / no	yes / no
----------	----------

19. Are you allowed to buy more coverage?

yes / no	yes / no
----------	----------

If yes,

- When can you buy more coverage?
- How much can you buy?
- When can you no longer buy more coverage?

\$	\$
yes / no	yes / no

20. Do the benefits increase automatically?

If yes,

- What is the rate of increase?
- Is it a simple or compound increase?
- When do automatic increases stop?

%	%

21. If you buy inflation coverage, what daily benefit would you receive for:

Nursing home care:

- 5 years from now?
- 10 years from now?

\$	\$
\$	\$

Assisted living facility care:

- 5 years from now?
- 10 years from now?

Home health care:

- 5 years from now?
- 10 years from now?

22. If you buy inflation coverage, what will your premium be:

- 5 years from now?
- 10 years from now?
- 15 years from now?

**What other benefits are covered under the policy?**

23. Is there a waiver of premium benefit?

If yes,

- How long do you have to be in a nursing home before it begins?
- Does the waiver apply when you receive home care?

24. Does the policy have a nonforfeiture benefit?

If yes, what kind?

25. Does the policy have a return of premium benefit?

26. Does the policy have a death benefit?

If yes, are there any restrictions before the benefit is paid?

27. Will the policy cover one person or two?

**Tax-qualified status**

28. Is the policy tax-qualified?

**Policy 1**

**Policy 2**

\$	\$
\$	\$

\$	\$
\$	\$

\$	\$
\$	\$
\$	\$

yes / no	yes / no
----------	----------

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yes / no	yes / no
yes / no	yes / no
yes / no	yes / no
yes / no	yes / no

one / two	one / two

yes / no	yes / no
----------	----------

Policy 1      Policy 2

**What does the policy cost?**

29. What is the premium excluding all riders?

- monthly
- yearly

\$	\$
\$	\$

30. What is the premium if home care is covered?

- monthly
- yearly

\$	\$
\$	\$

31. What is the premium if assisted living is covered?

- monthly
- yearly

\$	\$
\$	\$

32. What is the premium if you include an inflation rider?

- monthly
- yearly

\$	\$
\$	\$

33. What is the premium if you include a nonforfeiture benefit?

- monthly
- yearly

\$	\$
\$	\$

34. Is there any discount if you and your spouse both buy policies?

- If yes, what is the amount of the discount?
- Do you lose the discount when one spouse dies?

yes / no	yes / no
\$	\$
yes / no	yes / no

35. What is the total annual premium including all riders and discounts?

- total monthly premium
- total annual premium

\$	\$
\$	\$

36. When looking at the results of Questions 29 through 35, how much do you think you are willing to pay in premiums?

\$	\$
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# Phone numbers for your local SHIP

State Health Insurance Assistance Program: Call for help with buying a Medigap policy or long-term care insurance.

## Alabama

1(800)243-5463

## Alaska

1(800)478-6065 (In state only)

1(907)269-3680

## Arizona

1(800)432-4040

## Arkansas

1(800)224-6330

## California

1(800)434-0222

## Colorado

1(888)696-7213

## Connecticut

1(800)994-9422 (In state only)

1(860)424-5862

## Delaware

1(800)336-9500

## Florida

1(800)963-5337

## Georgia

1(800)669-8387

## Guam

1(671)735-7389

## Hawaii

1(888)875-9229

## Idaho

1(800)247-4422

## Illinois

1(800)548-9034 (In state only)

1(217)785-9021

## Indiana

1(800)452-4800 (In state only)

1(317)233-3475

## Iowa

1(800)351-4664

## Kansas

1(800)860-5260 (In state only)

1(316)337-7386

## Kentucky

1(877)293-7447

**Louisiana**

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1(800)259-5301 (In state only)

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1(225)342-5301

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**Maine**

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1(877)353-3771 (In state only)

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1(207)621-0087

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**Maryland**

---

1(800)243-3425

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**Massachusetts**

---

1(800)243-4636

---

**Michigan**

---

1(800)803-7174

---

**Minnesota**

---

1(800)333-2433

---

**Mississippi**

---

1(800)948-3090

---

**Missouri**

---

1(800)390-3330

---

**Montana**

---

1(800)551-3191

---

**Nebraska**

---

1(800)234-7119

---

**Nevada**

---

1(800)307-4444

---

**New Hampshire**

---

1(800)852-3388 (In state only)

---

1(603)225-9000

---

**New Jersey**

---

1(800)792-8820 (In state only)

---

1(877)222-3737

---

**New Mexico**

---

1(505)476-4799

---

**New York**

---

1(800)701-0501

---

**North Carolina**

---

1(800)443-9354

---

1(919)807-6900

---

**North Dakota**

---

1(888)575-6611

---

**Ohio**

---

1(800)686-1578

---

**Oklahoma**

---

1(800)763-2828 (In state only)

---

1(405)521-6628

---

**Oregon**

---

1(503)378-2014

---

**Pennsylvania**

---

1(800)783-7067

---

**Puerto Rico**

---

1(877)725-4300

---

**Rhode Island**

---

1(401)462-4444

---

**South Carolina**

---

1(800)868-9095

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**South Dakota**

1(800)536-8197

**Tennessee**

1(877)801-0044

**Texas**

1(800)252-9240

**Utah**

1(800)541-7735

**Vermont**

1(802)748-5182

**Virgin Islands**

1(340)772-7368

**Virginia**

1(800)552-3402 or

1(804)662-9333 (In state only)

**Washington**

1(800)562-6900

**Washington, D.C.**

1(202)739-0668

**West Virginia**

1(877)987-4463

**Wisconsin**

1(800)242-1060

**Wyoming**

1(800)856-4398

# **Congratulations! You have taken the first step towards owning your future.**

For more information about on the risks and costs of long-term care, and on various planning options, go to the National Clearinghouse for Long-Term Care Information at [www.longtermcare.gov](http://www.longtermcare.gov).

# U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES

P.O. Box 4228  
Iowa City, IA 52244-4228

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