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Check variety of long-term plans to meet your goals

By: Todd Martin

The idea of a long life is not as far-fetched as it once was. With our modern focus on healthy eating and exercise and the significant advancements made in medicine, most of us envision living well into our 80s and even 90s.

Most people, however, don't like to think about what their physical capacity and quality of life might look like in those last few years. Several studies suggest roughly two-thirds of individuals who live past the age of 70 will require some form of care during their final days. This could mean having a nurse come to the house, moving into an assisted living facility or even taking a room at a full-fledged nursing home. Depending on the type of care you might eventually need and where the facility is located, it could cost you anywhere from \$4,000 to \$7,000 a month currently.

With that level of probability for expensive assistance facing you, it's a good idea to start planning how you'll pay for that care now.

Long-term care insurance is a popular choice for individuals who want to be prepared for the expenses that may come during their final days. A number of years ago, there was only one real choice available to consumers, outside of self-insuring. With traditional long-term care insurance, the insured pays a sizable annual premium (\$1,000-\$5,000) to the insurance company. This premium purchases a large benefit pool (\$300,000-\$500,000) that can be used to pay for the monthly cost of care, whether that's provided in a facility or at home.

If you ended up using the LTC policy, then it worked great. Others that did not use it ended up paying in a large amount of premium that they never got back. Which is why some people avoided purchasing long-term care insurance due to its large expense and restrictive terms. After all, no one knows if or when they will need care or how long they might need it once that day arrives. They might need care for eight months or for five years. So, there is a high level of uncertainty.

In addition to this, some insurance companies have done a poor job estimating the number of claims they will have to pay out. To compensate for this poor planning, we have seen insurance

companies raise premiums anywhere from 7 to 15 percent annually to help make up the difference. We have also seen a few insurance companies exit the long-term care marketplace in the hopes of limiting their overall claims.

Of course, rolling the dice and assuming you won't need care isn't exactly a viable solution either—so what's left? Consider a life insurance policy — a relatively new choice that's available, thanks to the evolution of the insurance industry. Life insurance offers you one of the best ways to plan for an event that may or may not even happen — and still retain a large benefit for your heirs. This option applies the insurance premium to a variety of potential benefits. Using the premium, your policy can accumulate cash, guarantee a death benefit, provide long-term care and terminal illness benefits, and even allow for tax-free loans once the cash values accumulate sufficiently.

In this complex financial environment, it's difficult to find one-size-fits-all products, but life insurance does provide such a large variety of potential benefits, that gives you multiple options for use.

Part of planning is attempting to prepare for the what-ifs of life. No matter what strategy you decide to use for your potential LTC expenses, just make sure you have a plan in place. If you don't plan for LTC you could end up running through assets that you had hoped to spend on other things — such as retirement income and securing your legacy.

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