ARE YOU PLANNING TO SELF-FINANCE YOUR LONG-TERM CARE?

With a retirement plan in place, you are well prepared to continue your lifestyle through your golden years. Thanks to an increased life expectancy, more people are enjoying a longer retirement. Unfortunately, greater longevity means an increased risk of being diagnosed with an illness or disability that requires long-term care, which poses a great threat to your retirement plan. If you have opted to self-finance this risk, you are jeopardizing your entire retirement savings.

Here are a few tips for developing a long-term care plan and why you should consider transferring this risk to an insurance company:

1. HAVE A WRITTEN PLAN FOR LONG-TERM CARE.

This isn't an insurance contract. Rather, it's a written arrangement outlining who will provide your care and how you will pay for it. If you expect your family members to be involved in your care, discuss your wishes with them and make sure they are physically and financially able to be part of your care team.

2. PLAN FOR MORE THAN JUST THE COST OF CARE.

The average cost of home health care is about $5,000 per month (based on a 40-hour week). But planning for long-term care is more than just planning for the cost. Either you or your loved ones will have to make decisions regarding what agency to use, what care will be provided and how often, and how you will pay for it. Plus, you'll be responsible for financing these decisions! On the other hand, many long-term care insurance (LTCI) policies include a care management team to assist you or your family in creating, administering, and evaluating a plan of care. LTCI policies also include home modifications, such as grab bars, ramps, and personal monitoring systems.

3. UNDERSTAND THE REALITIES OF SELF-FINANCING YOUR LONG-TERM CARE.

While you may have enough assets to self-finance your care when you need it, it's important to understand the realities of this option. Are your assets liquid or invested in the stock market? Will you have to sell or liquidate your assets to fund your long-term care plan? Self-financing limits the ability of a high-net-worth individual to transfer assets before death to minimize transfer taxes for the family. Additionally, if your investments increase, you will be liable for capital gains taxes. Likewise, if an investment drops, you will not have the option of waiting for it to correct itself. Lastly, will you spend assets that your spouse needs to maintain their retirement or funds that are bequeathed to a charity or family member?

4. THE BEST SOLUTION IS TO TRANSFER YOUR RISK TO AN INSURANCE CARRIER.

Long-term care insurance is the best solution for most financial planning situations, regardless of your net worth. LTCI is an affordable pre-planning tool for individuals looking to secure their financial future and set aside funds for a long-term care crisis. LTCI provides coverage in the event a person requires professional care and allows for flexibility in choosing the type of care and where care is received. Rather than just benefiting you, think of LTCI as a strategy for your entire family's peace of mind.

INTERESTED IN LEARNING MORE? CONTACT ME TODAY ABOUT PLANNING FOR YOUR LONG-TERM CARE!