

Don't Fall for These 10 Long Term Care Insurance Myths

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Is retirement just around the corner for you? Or, perhaps, you are already enjoying your freedom from the workplace? If so, your financial plan should include possible long term care expenses for you and your partner. After all, long term care is not just for seniors, as 52% of people turning 65, 47% men and 58% women, will need some type of long term care services in their lifetime.

Here, we explore the top 10 frightening long term care myths that might be scaring you away from making crucial plans for your future.



Myth #1: Medicare will cover my long term care expenses.

The idea that Medicare will cover long term care expenses is probably the most common misconception.

It turns out Medicare only covers about 12% of long term care costs nationally. It will also pay no more than 100 days.

Additionally, Medicare excludes personal care, such as bathing, dressing, eating, toileting, and continence. In-home care coverage is also very limited – for these key reasons, it is vital to consider how to cover costs for this type of care beyond the little Medicare will provide.

Myth #2: My family will take care of me for free, so I really don't need long term care insurance.

There are a few questions to ask if you consider yourself in this situation: Does your family know you want them to care for you? Does your family live near you? Which family members will be able to assist? If they are willing, are they able to stop working to care for you? If they do stop working, will it impact their future retirement income (social security, pension, 401k, etc.)?

Very often, the health and finances of family caregivers are negatively impacted, so you should discuss the full toll it will take on them- financially, physically and emotionally, before assuming that box is checked.

Myth #3: Long term care insurance only covers nursing homes and that option isn't for me.

You can actually think of long term care as nursing home avoidance insurance, as 52.1% of claims are for home care. Long term care insurance pays for care in any venue, including: home care, adult day care, assisted living, nursing homes, and hospice care.

Long term care insurance gives you the freedom to choose the type of care that is right for you.

Myth #4: I am too young to worry about long term care.

Long term care premiums are based on health, family history of dementia, policy benefits selected, gender, and age. It can be cheaper to purchase at a younger age and much harder, or impossible, to obtain as you get older and/or are diagnosed with certain medical conditions.

Keep in mind that 45% of people requiring long term care are under 65 and only 20% of people under 50 are declined. Health can also be unpredictable— you unfortunately never know what the future may hold.

Myth #5: Long term care insurance is too complicated.

While understanding any type of insurance can feel overwhelming, talking to a certified agent can help ease any confusion and simplify the process. The four main factors to consider when choosing your coverage include:

1. **Benefit amount**– How much per month do you want insurance to pay for your care?
2. **Benefit period**– If you used that amount consistently each day/month, how long do you want insurance to continue to pay for your care?
3. **Inflation factor**– What rate do you want your benefit amount to increase to help keep up with the rising cost of care?
4. **Individual policy or a shared policy with your partner**–
 - Individual policy- the benefits are only available to you.
 - Shared policy- each partner can access the other's policy benefit if more care is needed.

Also, when one partner predeceases the other, the remainder rolls into the survivor's policy.

Myth #6: I can't afford long term care insurance.

The reality is that you CAN customize benefits and payment options that fit your budget. For example, a 50-year-old very healthy, married couple could purchase a policy with a combined annual premium of \$1,325. This would provide a monthly benefit of \$3,000 that would cover approximately four hours of home health care per day.

This type of plan comes with 3% compound inflation, a two-year benefit period or \$36,000 (3k * 36 months) maximum benefit at inception, and 90-day deductible. Additionally, payments can be made monthly, quarterly, semi-annually, or annually.

Myth #7: When I need long term care, I will get it.

Waiting until the need for long term care arises to do anything about it will unfortunately limit your options and be more expensive. Don't put yourself in the position of dealing with an emergency need for care. Plan ahead. Your future self will thank you.

Myth #8: I'll fail the medical screening.

This may not necessarily be the case depending on your individual health conditions. Some controlled health conditions are accepted, and there are different pricing structures with each carrier for various health issues.

Myth #9: I was denied previously, so I am uninsurable.

You may actually have other options available based on your individual health. Action is key, so learn what these are and create a game plan.

First, there are traditional long term care insurance companies that will not automatically disqualify someone because of a previous decline.

Additionally, other types of long term care options include:

- Life insurance with a long term care rider
- Annuity with long term care rider or a deferred annuity that can be used for long term care
- Short term care (less than one year of coverage for nursing home/assisted living and one year for home and community-based care)
- Home health care only
- Medically underwritten immediate annuity
- Traditional long term care insurance policy (only for those currently receiving care)

Myth #10: Long term care insurance will cover all my needs.

While this is technically a misconception among those who already have long term care insurance, its prevalence is worth debunking.

The truth is long term care insurance will not cover the cost of all your expenses down the road. It is a good idea to choose the right size long term care policy that fits within your overall financial plan while considering your income and other financial resources.

Long term care insurance is designed to protect your retirement assets, not for you to completely live off of in your golden years.

A Final Note

Clients currently using their policies often say that if they knew what they know now, they would have purchased more long term care insurance. Be sure to consider all of your financial resources when determining if long term care insurance makes sense for you, then learn your options based on these, your health, and coverage preferences. You, and your family, will be glad you took the time to explore all of your choices!