Self-Funding: Six Factors People Fail to Consider

There are a lot of people who think they'll be able to self-fund for long term care. But here are six factors they typically fail to consider:

1. Their spouse
Self-funding long term care expenses for one spouse has the potential to deplete assets the other spouse is relying on for living expenses or his or her own long-term care needs.

2. The tax implications
Liquidating assets to pay for long term care services may trigger capital gains tax, income tax and surrender charges.

3. The possibility of invading a plan
No one wants to use assets they've set aside for retirement or a child's inheritance to pay for long term care services.

4. The cost of lost opportunity
Investing conservatively to ensure access to the funds they need or liquidating assets to pay for care may mean the potential for lost income.

5. The ability to save enough
There's no guarantee that anyone will have 10, 20 or 30 years to save enough to pay for the care they'll need.

6. The possibility of not getting care
People who self-fund may be less likely to seek care because they know they're paying for it themselves.

Why long term care insurance is a better option:

- It helps ensure one spouse won't deplete assets the other spouse needs
- It alleviates the tax implications associated with liquidating assets
- It prevents people from having to cash in assets they've earmarked for other uses, allowing them to keep their plan intact
- It allows people to continue to invest their assets to earn maximum gains
- It eliminates the risk of not being able to save enough by providing funds to help people pay for care when they need it – whether it's tomorrow or 20 years down the road
- It allows people to get the long term care services they need