

policies share some common features you should know, to include the following:

- * Benefit Amount: How much and how long will the policy pay?
- * Benefit Triggers: When will the policy pay benefits?
- * Inflation Protection: Will the purchasing power of the Benefit Amount increase?
- * Level of Care: Are Custodial and Intermediate Care covered, along with Skilled Nursing Care? Is Home Health Care covered?

Caveat Emptor!

That is Latin for *Let the Buyer Beware*. With many insurance companies selling LTCI, this is an appropriate warning. As with any form of insurance, the policy is only as good as the ability of the insurance company to pay your claim. Check out the financial strength and reputation of the insurance company before you sign on the dotted line.

Reputation also is important. Contact the Insurance Commissioner for your state regarding an insurance company's status and any complaints from policyholders.

Finally, contact the National Association of Insurance Commissioners for a copy of the Life Insurance Buyer's Guide, by phone (816) 842-3600 or online at www.naic.org.

Summary

Seek appropriate counsel to interpret the contractual provisions of any LTCI policy before submitting an application for coverage. It will be time and money well spent.

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Services provided include legal consultation and the preparation of:

- Revocable Living Trusts • Wills • Powers of Attorney • Living Wills • Healthcare Power of Attorney • Life Insurance Trusts • Family Limited Partnerships • Limited Liability Companies • Corporations • Charitable Trusts • Medicaid Planning • and Other Estate Planning and Tax Planning Strategies

ELDER LAW 101



*G*ood news, bad news. The good news is that Americans are living longer than ever. The bad news is that we eventually wear out physically, mentally or both. It is a classic Catch-22.

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Are you a seasoned citizen (i.e., over age 65), do you care about someone who is, or do you anticipate becoming a seasoned

citizen yourself one day? According to U.S. Census Bureau statistics, today, there are nearly 35 million and by 2010 there will be some 40 million seasoned citizens. Thereafter, due to the graying of the Baby-Boom generation, we will see that figure jump to 53 million in 2020 and to 70 million in 2030! As this seasoned population grows, so will the need for *Elder Law* services.

What is Elder Law?

Generally speaking, Elder Law is the holistic application of general legal principles to the specific emotional, logistical and financial needs of the elderly. Many seasoned citizens are concerned with two fundamental threats to their dignity: (1) becoming incapacitated and thereby losing control to the court system regarding their personal, health care and financial decisions; and then (2) running out of money due to the catastrophic costs of long-term care. Fortunately, both of these threats may be minimized or avoided through properly coordinated legal and financial planning.

Incapacity Planning

As the number of birthday candles increases on your birthday cake, so does the likelihood that you will become incapacitated due to an injury or illness. Whether incapacity strikes suddenly, as with an accident or acute illness, or gradually, as with Alzheimer's, the consequences are the same. Either you will have appointed the back-up decision-makers of your own selection through proper legal plans or, by default, the court system must step in to appoint them for you.

Long-Term Scare

Did you know that after age 65, there is about a 50 percent chance that you will need care in a skilled nursing facility? After age 80 the odds that you will need skilled nursing care jump to 9 in 10,

or 90 percent. If you are age 65 and married, the odds are 70 percent that you or your spouse will need skilled nursing care. The average nursing home stay, by the way, is 2.5 years.

And the cost of long-term care is high. The national average cost for a year in a nursing home is estimated to exceed \$60,000. Is it any wonder some 50 percent of all elderly couples become impoverished within a year after either spouse enters a nursing home? The number jumps to 70 percent for widowed or single people.

By the way, forget about Medicare paying for your chronic long-term care needs. Medicare only pays for acute nursing home care for up to 100 days, and even then your eligibility and the payments are subject to strict requirements.

Remember, too, that Medigap (i.e., Medicare Supplement) policies typically exclude coverage for chronic long-term care.

What about giving away your assets to your loved ones to qualify for Medicaid? Any transfer of assets for less than fair market value may render you ineligible for Medicaid assistance for 60 months or more under the complex and confusing web of Medicaid Regulations.

Long-Term Solutions

The key to proper long-term care planning is to plan now rather than react later. There are numerous legitimate strategies to preserve more of your assets ... if you have time to plan.

For example, under a special federal law called the Spousal Impoverishment Act, married couples may preserve more assets for the non-nursing home resident, even if the other spouse is Medicaid-qualified.

Elder Law is the holistic application of general legal principles to the specific emotional, logistical, and financial needs of seasoned citizens.



Some seasoned citizens have turned to Reverse Mortgages (i.e., borrowing against the equity in their homes) to pay for their long-term care.

The best strategy, however, may be to insure your financial security with the purchase of a Long-Term Care Insurance (LTCI) policy.

Long-Term Care Insurance (LTCI)

No one relishes the idea of paying insurance premiums of any kind. After all, you can pay and pay and pay and never collect. If you are fortunate, that is.

The purpose of insurance is to transfer a risk you can afford (i.e., the payment of a premium with no guarantee of its return) to cover a risk you cannot afford.

For example, what homeowner does not insure their personal residence from damage due to fire? Or, what automobile owner

does not insure their auto from damage due to a collision? Consider this: The odds of a major fire insurance claim are 1 in 88, with an average claim of \$2,000. And, the odds of an auto insurance collision claim are 1 in 47, with an average claim of \$8,000.

Against this backdrop, why would any responsible person not insure against the financial risk of requiring long-term care at some point?

Remember: The odds are nearly 1 in 2 that a person over age 65 will need long-term care for about 2.5 years at an average cost of \$60,000 per year, with an average claim in excess of \$100,000!

The LTCI Alternative

Fortunately, an appropriate LTCI policy can be designed to fit almost any budget. Most LTCI

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