

Wealth News

May 2010

Information from Alliance Credit Union and CFS* to help keep your financial life in balance

Consumer Sense

Protecting your Future

Nobody wants to think of the idea of spending his or her sunset years in a nursing home. Nevertheless it is definitely something we need to think about. Care in an assisted-living facility or even in your own home can be extremely expensive. Without careful planning, you may exhaust your hard earned retirement savings trying to pay the bills. If you're one of the millions of baby boomers preparing for retirement, looking into long term care (LTC) insurance should be near the top of the planning "to do" list.

Living Longer

According to recent data, a person age 65 has an approximately 50% chance of living beyond age 85 for males, age 88 for females and for couples at least one spouse may live to age 92. According to a study by the U.S. Department of Health and Human Services, people who reach age 65 will likely have a 40 percent chance of entering a nursing home. With the population generally living longer, the need for LTC and protection from

the burden of its high costs is a distinct possibility in the future.

What is LTC?

LTC is a variety of services, including medical and non-medical care to people who have a chronic illness or disability. LTC is frequently associated with the elderly, but accidents and illness can put even children in the position of needing care.

What are the Costs of LTC?

The 2009 national daily average room rate in a nursing home facility ranges from \$198 to \$219 (semi-private to private room), or \$72,270 to \$79,935 annually. With this risk left unmanaged, prolonged care may exhaust a large portion of one's life savings. That's why it is important to consider incorporating LTC options into your long term financial plan.

Medicare

Generally, Medicare does not pay for long-term care expenses. Medicare

pays only for medically necessary skilled nursing facility or home care for a limited number of days.

Medicaid Assistance

Medicaid is a state-administered health insurance program that helps many people who otherwise cannot afford to pay for medical care. To qualify for LTC coverage under the Medicaid program, individuals must meet strict financial and functional eligibility requirements.

LTC Insurance

Many major insurance companies in the private sector also offer LTC insurance. While these plans require policy owners to pay upfront or ongoing premiums, they often provide more flexible eligibility and coverage options and benefit payment terms. The greater flexibility can, in turn, help policy owners better protect their life and retirement savings from the ravages of high LTC costs.

Sources:

http://www.longtermcare.gov/LTC/Main_Site/index.aspx
; www.medicare.gov; *The MetLife Market Survey of Nursing Home & Assisted Living Costs*, October 2008.

Have You Read...

Long-Term Care: How to Plan & Pay for It by *Joseph Matthews*. An informative guide to choosing and paying for a nursing home, assisted living site, or home care.

Interested in Learning More?

I specialize in helping people maintain a healthy financial balance and discover smart money strategies. Call me to set an appointment to review your investment objectives, and to discuss any questions you might have. I look forward to speaking with you!



Quang Phan, 408.979.2478
Investment Advisor

Do you have a topic you'd like to see covered in future Wealth News newsletters? Email your questions and comments to me at: qphan@alliancecreditunion.org