

# Long Term Care Insurance

Build a Foundation for a Secure Future



A Transamerica Company

# Prepare for the Unexpected

Without long term care insurance or other financial resources, people put their savings and assets at risk.

Many people don't consider the possibility that, at some point, they may require long-term care. Although it's assumed that this care is needed only in the latter part of a person's life, diseases such as Parkinson's, serious illness from a stroke or heart attack, or injuries from a car accident can sometimes result in a need for long-term care.

You work hard to save for your future, but if your health were to deteriorate to the point where you required long-term care, would you have the financial resources to obtain the support you need? An agent of World Financial Group Insurance Agency, Inc. and/or its subsidiaries (WFGIA) can help you decide if long term care insurance makes sense for you.

## Protect Your Wealth

A person's health can decline significantly at any time. Yet most people, young and old, are not financially prepared for that possibility. In fact, many wouldn't have enough money to pay for long-term care, especially if it's needed for many months or years, or for the rest of their lives.

Unfortunately, long-term care is expensive and is likely to get even more costly over time. Average costs vary, but in 2017:<sup>1</sup>

- The national median monthly rate for a stay in an assisted living facility was \$3,750, up 3.36% from 2016
- The national median daily rate for nursing homes was \$235, a 4.44% increase over 2016
- The national median hourly rate for the services of a licensed home health aide was \$22, an increase over the course of 2017 of 6.17%

## The Need Is Real

Statistics show that of people who turn 65, 70 percent can expect to use some form of long-term care during their lifetime, and 20 percent of people aged 65 will need this type care for more than five years.<sup>2</sup>

Women especially need to be concerned about how they will be taken care of later in life as they tend to outlive men by about five years, with married women typically outliving their husbands.<sup>3</sup> In fact, most women who reach age 65 will live, on average, another 20 years.<sup>3</sup>

Women also have a lower income than men, especially later in life. The median income for older females in 2016 was only \$18,380 versus \$31,618 for older males.<sup>4</sup> It's also important to note:

- More than 70% of nursing home residents and slightly more than 75% of assisted living residents are women<sup>3</sup>
- Women will need care longer than men, 3.7 years versus 2.2 years<sup>2</sup>





# How Long Term Care Insurance Works

In basic terms, long term care insurance provides a daily reimbursement for support and services – including assistance with bathing, dressing and eating – that are needed over an extended period of time. Most policies sold today allow you to receive the daily services in your home, adult day care centers, assisted living facilities, nursing homes and similar facilities of your choice.<sup>5</sup>

The in-home services can include skilled nursing care as well as occupational speech, physical and other types of therapy. Some policies may cover services such as meal preparation or housekeeping if these services are in conjunction with the personal care being received.<sup>5</sup>

Here are some things to consider before purchasing long term care insurance:

- Where you would like to be cared for — in your home or a facility
- How much and what type of care you may need
- Your options: Research and consider more than one policy because there is no one-size-fits-all when it comes to long term care insurance
- The coverage you can afford — don't purchase too little or too much
- Your income over time and whether you would be able to afford coverage should your income change

But most of all, never feel pressured into purchasing a long term care insurance policy.

## Prepare for Your Future

It pays to be ready for the likelihood that at some point in life you or someone you love will need help performing basic tasks of daily living for an extended period of time. When setting your financial strategy and goals, talk to your WFGIA agent to see if long term care insurance is an option for you.



## Consider What Can Happen

Jennifer, age 40 and a wife and mother of two, was in a car accident and suffered severe injuries including a broken pelvis. After her hospital stay, she was moved to an extended care facility because she could not walk, bathe or dress herself until her injuries healed. Unfortunately, her long-term care needs were not covered under her traditional medical insurance, which caused a severe strain on her and her husband's savings — including the funds they were setting aside for their children's college education. Had she had long term care insurance, costs for her care may have been partially or fully covered.

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John, age 70, had a stroke, which required him to have around-the-clock care. His wife, Sara, could not assume all the caretaking responsibilities due to her arthritis. John had purchased a long term care insurance policy in his 50s, which paid for medical equipment, including a walker and hospital bed, and helped them to afford in-home care during his recovery.

1 Genworth 2017 Cost of Care Survey, Summary of 2017 Findings, August 14, 2017. The cost of the assisted living facility is based on one bedroom, single occupancy. The cost of nursing home care is based on a private room.

2 National Clearinghouse for Long-Term Care Information, U.S. Department of Health and Human Services, <http://longtermcare.gov/the-basics/how-much-care-will-you-need/> (retrieved August 14, 2018)

3 Long Term Care - Important Information for Women, American Association for Long Term Care Insurance, <http://www.aaltci.org/long-term-care-insurance/learning-center/for-women.php> (retrieved Aug. 14, 2018)

4 Profile of Older Americans: 2017, Administration for Community Living and Administration on Aging, U.S. Department of Health and Human Services, April 2018.

5 National Clearinghouse for Long-Term Care Information, U.S. Department of Health and Human Services, <http://longtermcare.gov/costs-how-to-pay/what-is-long-term-care-insurance/what-long-term-care-insurance-covers/> (retrieved August 14, 2018).

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