

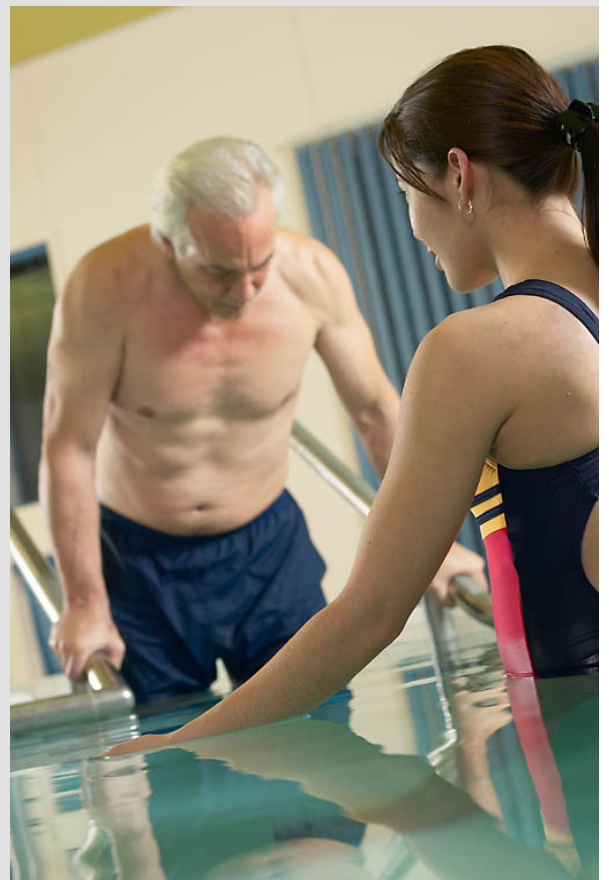
## *Reducing the cost of Long Term Care (LTC)*

Did you know that the average stay in a nursing home is approximately 39 months? Usually, when we think of long term care we have this mental image of being financially devastated due to an extended stay in a 24 hour care nursing home. In reality, for many of us all we need is short term care. Your spouse or children will most likely care for you as long as possible before round the clock care in a nursing home is required.

While none of us want to be a burden to our loved ones nine out of ten will step up to the plate for you – most often you won't even realize the level of care you need. Individuals usually do not make a conscious decision to move into a nursing facility. Someone else makes that decision for us. A spouse or children who become exhausted from the level of care required. You may have experienced this yourself with your parents. The last thing we want for our loved ones is to see them in a nursing home environment.

If the time comes when 24 hour care is necessary, how do you afford the cost of such care? In Georgia the average nursing home facility cost about \$4100 month (\$4800 in Metro Atlanta). The national average is about \$5800 a month. Florida's average nursing home costs is approximately \$5500 a month. If your average stay in a nursing home is 39 months that works out to be \$159,900 (\$187,200 in Metro Atlanta). Considering your sources of income, (Social Security, Pension or investments), you may very well find you have the resources to handle the costs. Perhaps you do not want to deplete that much of your investments and decide you could afford \$2000 toward the total cost and for extra measure you want to get Long Term Care insurance coverage for 5 years of care. When we think about buying LTC insurance we do not consider the different levels of coverage we can buy and how cost of coverage can be managed. Below is a brief list of ways to reduce the cost of LTC insurance (or, should we say short term care – STC):

- ◆ Extend the elimination period – say from 30 days to 90 days if you have loved ones nearby who are willing to care for you for a few months.
- ◆ Stop smoking – a smoker typically pays as much as 15% or higher premiums.
- ◆ Apply for a partner discount – if you live together for at least 3 years you are eligible for a discount.
- ◆ Adjust the daily benefit amount – If average cost in your state is \$5000, but you can easily afford to cover \$2000 of that then your coverage cost is reduced.
- ◆ Consider a less generous inflation option – you can request a simple inflation option instead of compound inflation option to reduce the cost of coverage.
- ◆ Add a shared benefit option – If one partner dies the surviving partner's benefits will increase by the deceased partners remaining benefits.
- ◆ Decrease the number of years in the benefit period. The lifetime benefit period is very expensive. Consider a 5, or 3 year period. Keep in mind the average stay in a nursing facility is 39 months.





Of course, if you have substantial life insurance this could replace any out of pocket costs you incur that reduce lifetime assets.

The Department of Health and Human Services and the States Insurance Commissioners have put together a useful guide to help you evaluate needs, coverage and comparisons among LTC insurance carriers. You can download the document by logging onto [www.aoa.gov/ownyourfuture](http://www.aoa.gov/ownyourfuture) . (or have it mailed by calling 1-866-752-6582)

John D Holden CPA/PFS  
[www.advancedfinancial.com](http://www.advancedfinancial.com)

Disclaimer – Advanced Financial Strategists, Inc does not sell, nor licensed to sell insurance of any kind, including Long Term Care Insurance. The forgoing article is intended for information purposes only. You can obtain a free quote for LTC insurance by logging onto [www.llis.com](http://www.llis.com).

