

The economy is on everyone's mind, and in this daunting period of uncertainty, it is even more important to take steps to preserve your retirement. Now, more than ever before, you need to investigate protection products and strategies that deal with long-term care planning, such as long-term care insurance, life insurance with long-term care riders and life settlements.

Long-term care insurance is breaking new ground with innovative features and policies that lower the premiums making the coverage more accessible to consumers. Today, it is much easier to design a plan that is affordable and comprehensive. Just take the time to educate yourself and work with an agent who specializes in this type of insurance.

One new, innovative and consumer friendly feature deals with inflation protection. Long-term care insurance carriers have generally offered 5% compound, 5% simple, and future purchase options as riders to give your daily/monthly benefit value when you need it. Now, you can also select an inflation rider based upon the Consumer Price Index (CPI).

Inflation protection based upon the Consumer Price Index ensures that you get compound inflation protection cost-effectively. Annual increases in your daily or monthly benefit are based on changes to the CPI, which is the measure most widely used to determine inflation.

As a long-term care insurance inflation option, the CPI increases your benefits even during periods of the highest inflation, and if the CPI decreases, the benefits remain level

until the CPI increases again. There is no limit to the level that benefits can increase.

Based upon a 30 year study by the Bureau of Labor Statistics, the average annual increase in the CPI has been 4.2%.

The difference in cost between the CPI and 5% compound inflation protection, which is the highest fixed inflation rider you can select, is approximately 33%.

Some companies are also beginning to offer entirely new long-term care insurance products. One carrier's approach to offering a more affordable alternative is to make the coverage like health insurance with a co-pay. The policy will pay 80% of your long-term care costs and you pay the other 20%. At time of application, you select the amount of protection you want in dollars that can range from \$100,000 to \$1 million.

Let's say that you have been thinking about purchasing long-term care insurance for some time, but then you think about the "wasted" premium dollars in case you never use the coverage (wouldn't that be the best thing that could ever happen?), and you hesitate to make the purchase.

We all know that we will die one day, and we've been told there is a 40% chance that over the age of 65 we will need long-term care. Several long-term care insurance carriers have introduced life insurance policies with long-term care riders. This is a single strategy that plans for two financial risks: premature death and long-term care expenses.

The life insurance portion of the policy is permanent guaranteed universal life coverage. If you become ill, you can accelerate the death benefit to pay for long-term care. You can use the entire death benefit or a portion of it to pay for long-term care expenses. Any unused portion is paid to your beneficiary. If you never need long-term care, the entire death benefit is paid to your heirs.

The long-term care portion of the policy provides comprehensive coverage in the setting of your choice. All levels of home care (skilled and custodial), adult day care, assisted living and nursing home care are covered.

To fund the policy, you can make a single lump-sum payment or pay a premium annually depending upon the company.

Finally, what happens if you can't afford a long-term care insurance premium or are uninsurable? A life settlement may be an option for you.

A life settlement is the sale of an in-force life insurance policy by its owner to a financial institution as the provider. The policy owner receives a cash settlement offer higher than the cash surrender value but less than the death benefit, and all ownership rights and obligations of the policy are transferred to the provider.

Certain circumstances make this a good planning tool: if you have a life insurance policy that is about to lapse or is no longer necessary due to changes in your estate; if you need

more discretionary income to maintain your lifestyle or purchase long-term care insurance; or if you have been diagnosed with an ailment that makes you uninsurable for long-term care insurance and you need funds to pay for home or facility care.

The long-term care insurance market continues to evolve with new products and features that accommodate all ages, preferences and lifestyles. There is no reason not to plan for long-term care. The economy might be unstable but you can bring some certainty and control into your future. Call us today at 607-756-8538, for a free consultation.

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