

# 9 Common LTCI Objections *and Their Solutions*

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# 9 Common LTCI Objections and Their Solutions

## Number 1 - It costs too much.

I can understand why you would say that. Let's take a look at the costs. An average monthly rate to reside at an Assisted Living Facility, according to the American Association for Long Term Care Insurance, is approximately \$3,650 per month.

Once we design your plan, your annual premium for the long term care insurance coverage is likely to be well below that monthly figure. Look at it this way, would you rather spend \$3,650 a month or \$3,650 a year for insurance coverage to help cover that expense?

We can customize your plan so that it is affordable. Instead of the need to cover 100% of the risk out of pocket, let us design a policy to cover a percentage of that risk and keep the cost within your budget.

two of us will need the care. The risk is not worth the gamble. If you qualify, you can have long term care insurance coverage in place to hedge the financial risk associated with paying for LTC.

### *(For couples as applicable)*

Being a couple (or domestic partners), one of you will likely outlive the other. In this case it is probable that the healthier partner will attempt to care for the other with whatever financial, physical, emotional and mental demands are required. That care could be with minimum effort or it may be very strenuous. In either case, the one partner outlives the other and is now in a position of possibly requiring long term care for themselves at some point. It is also their responsibility to figure out how to arrange for the services that they may need. Would you be ready to go it alone and take care of all those new tasks that arise in a situation like that?

## Number 3 - My spouse and children will take care of me.

LTC insurance can provide benefits for home care so that you can have professional caregivers provide some relief in your home while your family is trying to take care of you. It also can help protect you in case they can't. Have you considered what your spouse and children may have to sacrifice to provide care for you?

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As we age, our physical strength declines. When you are 80, how old will your spouse be, and will he (or she) have the physical strength to get you out of bed or out of a bathtub? They may have the strength and stamina today, but will they have it in the future when it is needed the most? How much stress would this

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**The average age of individuals buying new LTC insurance policies is 57.**

Source: AALTCI.org (2015)



## Number 2 - I don't think I'll (we'll) need it.

I can see why you might feel that way, but did you know that someone turning age 65 today has almost a 70% chance of needing some type of long term care in the future? And that is according to the U.S. Department of Health and Human Services. That represents over two thirds of the over 65 population, which leaves only a 30% probability of not needing any type of long term care.

### *(If a one person presentation)*

If we are both 65 (word appropriately) and we bring another 65 year old into the room, according to statistics two of us will need some type of long term care services at some point. We cannot predict which

create for them? If they can't do it, you now have a much bigger challenge.

Your children may be physically stronger, but are they willing and able to make sacrifices to their personal lives and careers for your care? Will they need to lose their pay to care for you and can they afford to lose that income? Keep in mind, you may need several hours of care daily, and may need help with personal care like bathing and using the toilet. It's important to discuss if you and your children are comfortable with engaging in that type of caregiving relationship.

Properly trained caregivers have procedures for taking care of these issues in the most comfortable way possible. It is their job to care for you.

LTC insurance can help pay for those services in your home and help reduce the strain on your family.

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#### **Number 4 - I need to think about it.**

Of course. Let me give you a couple more things to consider. One thing that people don't realize is that 20 to 40 percent of people who apply for long term care insurance are declined because of some health reason. (according to AALTCI (2015))

What you could do is apply now, and find out for certain if you are insurable. There is absolutely no obligation to keep the policy. You have 30 days after the insurer issues your policy to cancel without any question and receive a full refund of premiums paid. I tell all the folks I speak with that there's really no reason not to see if you can health qualify. If you can, then you can decide if you want to keep the coverage. If you can't qualify, then you know LTC insurance is not an option for you.

#### **Number 5 - My premiums will go up.**

Premiums for long term care insurance are designed to be level. This means that your premium will not increase due to a change in your age, health, or use of benefits. You cannot be singled out for a rate increase.

The insurer does have a limited right to raise premiums on a class basis, and any increases have to be approved by insurance regulators who review the request and assure that the requested increase is both reasonable and necessary.

Another option that some insurers offer is a 10 pay plan that pays your policy in full after 10 years. This eliminates the possibility for any premium increase after the 10 year period.



#### **Number 6 - What if I never have to use the insurance?**

If you think about it, that is the best thing that could happen to you. If you live to a very old age without any significant care needs, you would look back on all those years and be so grateful that you didn't need to use the policy. Just like we have home insurance, car insurance and other types of insurance, we honestly hope we never have to use them. However, we are glad insurance is there, if and when, a need arises. Long term care insurance is really no different. If you ever need it, not just YOU but your spouse and your family will be so glad you had it.

In addition, if it's a serious concern of yours, options are available to get your premium returned to your beneficiary. That would take care of that, would it not?

#### **Number 7 - Medicare and Medicaid will take care of the costs.**

Both of these programs can provide some benefits for care, but can fall short of what you may want and need. Both are government entitlement programs and, as you know, are under a lot of strain financially. With baby boomers entering older ages in record numbers over the coming years, it will create more strain on these programs, and there is no foresight to tell us how they may change or what kind of cutbacks they may incorporate.

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Medicare is primarily for medical care of one's health. It isn't designed for assistance in living where you need daily help. While there is a limited benefit for long term care services, specific criteria must be met (i.e. a 3 day hospital stay) and services are only partially covered for a maximum of 100 days. And Medicaid is the last resort for individuals with little or no money left. You must deplete nearly all of your assets in order to qualify for Medicaid. Neither provide you with many choices for your care, unlike an LTCi policy where you do have a range of choices.

### **Number 8 - I think I'll wait a little longer.**

I understand that it can be a hard decision to make, but let me give you a few things to consider about waiting. What many people do not realize is that the younger you are, the lower the premiums are. As an example, had you gotten your coverage a few years back, the premiums would have been less than they are today. But it's not too late because today's premiums will be less than if you wait.

Additionally, your health is a consideration as well. Normally, health declines as we age. Sometimes that decline can occur very suddenly or even catastrophically – you probably know someone that has happened to. The best time to get a policy is when you are insurable. If something happens and you need care, it will be too late to buy insurance. Planning for long

term care now means that you can rest assured that you have the means to obtain the proper care when you need it most.

### **Number 9 - I have enough money to cover my care.**

Ok. The real question is what is your monthly income in retirement? Is it \$4,000 a month including Social Security? \$5,000 or \$6,000? Retirement income is primarily used to maintain one's current lifestyle and recurring monthly expenses. If one needs care that costs more, will there be enough income to pay for that care? What income will then be left over for your spouse/your family? If insurance paid just half of the bill for care, that would lower your cost considerably, and that is what most people do today.

Long term care insurance also helps protect your total assets if care exceeds your income threshold. I am sure that, like most people, you would like to keep as much of your assets as you can. That's a very good reason to have a long term care insurance policy.

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