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Advocates for financial peace of mind

Money Wisdom - May 16, 2008

Are You Prepared for Long-Term Care Expenses?

Most of us are not sufficiently prepared to pay for long-term care, and we go through our lives simply hoping we won't ever need it. Unfortunately, in the event that you or a loved one does need long-term care, hope isn't a sound strategy sufficient enough to protect you from potential financial ruin. Also, the odds that you will need some kind of long-term care increase as you get older.

What about Self-Insuring? To cover the cost yourself, you must have sufficient income and/or assets to pay the exorbitant costs of long-term care. Keep in mind that even if you have adequate resources to afford long-term care now, you may not be able to handle rising future costs without drastically altering your lifestyle.

What about "The Medicaid Option?" Medicaid is a joint federal and state program that covers medical bills for the financially destitute. If you qualify, it may help pay for your long-term-care costs. Unfortunately, Medicaid is basically welfare program. In order to qualify, you generally have to have few assets or will need to spend down your assets.

State law determines the allowable income and resource limits. If you have even one dollar of income or assets in excess of these limits, you may not be eligible for Medicaid. Tough laws exist to discourage asset transfers for the purpose of qualifying for Medicaid. If you have engaged in any "Medicaid planning," consult an advisor to discuss any new Medicaid rules.

What about Long-Term Care Insurance? A long-term care insurance policy may enable you to transfer a portion of the economic liability of long-term care to an insurance company in exchange for regular premiums. Long-term care insurance may be used to help pay for skilled care, intermediate care, and custodial care. Most policies today pay for nursing-home care, home care services, and assisted living. Insurance can help protect your family financially from the potentially devastating cost of a long-term disabling medical condition, chronic illness, or cognitive impairment. As the shortage of long-term care workers continues, long-term care costs will inevitably rise. This type of insurance is considered one of the few ways to help protect hard-earned retirement savings from disappearing to pay the ever-increasing costs of long-term care.

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