

LONG TERM CARE (LTC) INSURANCE

Long Term Care insurance covers custodial care, which provides an individual assistance with activities of daily living (ADL) or supervision for those with cognitive impairments. ADLs include:

- Eating
- Dressing
- Bathing
- Toileting
- Transferring
- Maintaining Continence

In tax-qualified LTC insurance policies, one must require assistance with at least 2 of the 6 ADLs or have a cognitive impairment to be eligible to receive benefits (after elimination period is met).

COMPONENTS

DAILY BENEFIT AMOUNT

The maximum amount an insurance company will pay per day if long-term care is needed and one is eligible to receive benefits. This benefit is usually available whether one receives care in an assisted living facility, a nursing home, or at home. The benefit amount is typically between \$100 and \$200 per day.

BENEFIT PERIOD

The amount of time an insurance company will pay daily benefits if the insured receives care and is approved for the claim. If the insured receives less than the daily benefit amount, then his or her policy will last longer than the defined benefit period. Usually, benefit periods range from three years to lifetime.

ELIMINATION PERIOD

The period of time one is required to wait prior to receiving benefits from his or her long term care insurance policy. It is often referred to as a waiting period or deductible. Elimination periods usually range from 30 to 365 days.

INFLATION OPTION

This policy rider increases a daily benefit and lifetime maximum every year by a specified amount while premiums remain level. If selected, one can typically choose simple or compound inflation protection.

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