



# Is Long Term Care Insurance Right for You?



FINANCIAL  
SERVICES

Securities offered through LPL Financial,  
Member FINRA/SIPC.

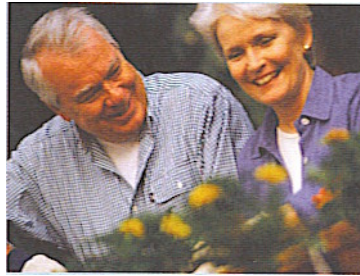


---

3500 188th St SW  
Suite 633  
Lynnwood WA 98037

## Who May Need Long Term Care Insurance?

Without a crystal ball, it's difficult to predict exactly who will need long-term care or for how long they will need it. However, statistics can tell us who is generally at risk.



- It's been shown that as you grow older, your risk of needing nursing home care goes up. The likelihood of institutionalization is similar for men and women who live to advanced old age. About 62 percent of severely impaired women 85 and older are in a nursing home, as are 58 percent of severely impaired men in this age group.\*
- One study published in The New England Journal of Medicine (1991) noted: "Of the approximately 2.2 million persons who turned 65 in 1990, more than 900,000 (43%) are expected to enter a nursing home at least once before they die." The same study reported that among people who live to age 65, about 1 in 4 will spend one year or more in a nursing home!
- Women are more likely to need nursing home care than men. The study discussed above projected that 13% of women will spend five or more years in a nursing home. Only 4% of men will be in a nursing home that long.
- As you grow older, your risk of needing nursing home care also goes up.

If you already have health problems that are likely to mean you will need long-term care (for example, Alzheimer's disease or Parkinson's disease), you probably won't be able to buy a policy. Insurance companies have medical underwriting standards to keep the cost of long-term care insurance affordable. Without such standards, most people would not buy coverage until they needed long-term care services.

## Contact Information:

Jack P Pietra, CFS  
LPL Financial Advisor

Sound Investment Services  
3500 188th St SW, Suite 633  
Lynnwood WA 98037

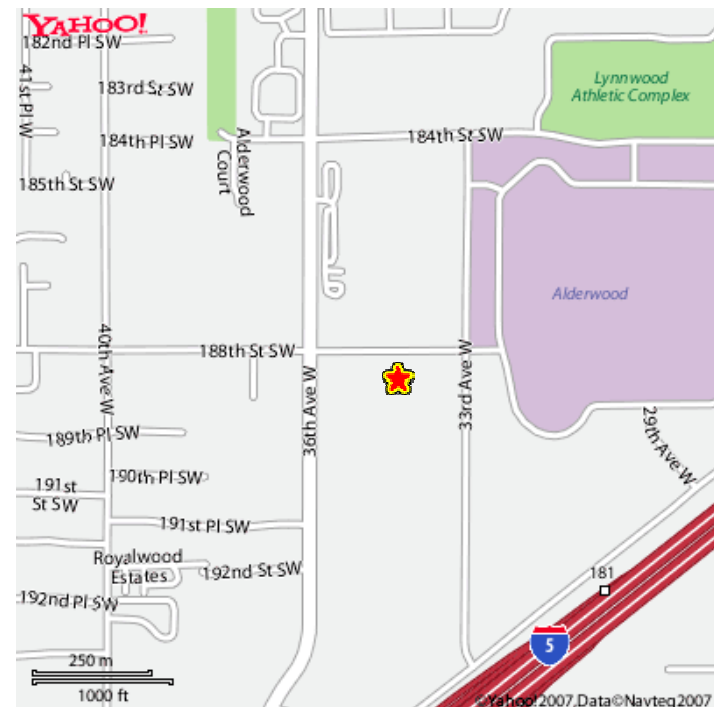
Phone: 425-452-2769

Fax: 425-954-4609

Email: [jack@soundinvestmentservices.net](mailto:jack@soundinvestmentservices.net)

Website: [www.lpl.com/jack.pietra](http://www.lpl.com/jack.pietra)

## Our Offices:



\*Source: Can Aging Baby Boomers Avoid the Nursing Home? American Council of Life Insurers, March 2000

## About Jack P Pietra

---

Jack P Pietra has been assisting clients for over 10 years to protect their assets and to invest wisely. With financial safety a priority, **Jack focuses both on creation and preservation of wealth**, particularly as retirees are living a longer and more active lifestyle than ever before. He has advised retirees of Boeing, AT&T and Qwest (formerly US West). Jack is a senior partner with Sound Investment Services LLC and an expert in **helping clients preserve their assets and increase their income**. His practice focuses on helping pre-retirees and retirees avoid the most common financial mistakes, help **reduce their taxes, help protect their estates**.



Mr. Pietra graduated from Technical University of Gdansk, Poland in 1987. He holds a **master's degree** in telecommunication and bachelor's degree in electronics. Mr. Pietra is an **Investment Advisor Representative** with Linsco/Private Ledger, **Certified Funds Specialist** and **Certified Senior Advisor**. To become a Certified Funds Specialist, Jack took courses for over a year and passed a comprehensive exam. To become Certified Senior Advisor he completed a 15 part program of study in the financial, physical, emotional and personal issues of seniors followed by a rigorous exam.

Jack and his wife of 18 years, Marzena, live in east Snohomish County. They both enjoy gardening and bird watching. Jack is also a **Washington State University Master Gardener** and a member of **Lake Stevens Rotary Club**.

Many individuals can better organize their financial affairs when they know about the solutions available beyond what they are told by their stockbrokers, insurance agents and lawyers. Sound Investment Services LLC first educates seniors about their alternatives and then assists them in implementing the solutions.

Phone today with questions or to see if we can help you. There is no charge for an initial meeting.

**Jack P Pietra is an Independent Financial Planner and represents the following LTC companies:**

**Genworth  
Mutual of Omaha  
Premera  
MedAmerica  
Lincoln Benefit**

**John Hancock  
Physicians Mutual  
Prudential  
MetLife  
Allianz**

### **You should not buy Long Term Care policy if:\***

- You can't afford the premiums
- You have limited assets
- Your only source of income is Social Security benefit
- You often have trouble paying for utilities, food or medicine

### **You should consider buying Long Term Care policy if:\***

- You have significant assets and income
- You want to protect some or all of your assets and income
- You want to pay for your own care
- You want to stay independent of the support of others

### **Does Medicare pay for long-term care?**

Medicare, Medicare supplement insurance, and major medical health plans usually will not pay for long-term care. Medicare's skilled nursing facility (SNF) benefit does not cover most nursing home care, and does not cover homemaker services.

### **Does Medicaid pay for long-term care?**

It can, but to qualify for Medicaid, you must meet federal and state guidelines for income and assets: that means that you may have to "spend down" or use up most of your assets before Medicaid is able to help. In other words, you may be required to diminish the value of your estate to your heirs to receive Medicaid assistance for long-term care.

### **What about relying on assistance from your family?**

Some people plan to be cared for by their family should they need long-term care. But before you decide to do so, please consider the following:

- Caring for those with severe impairments at home can be overwhelming. Family members who aid older people with a serious disability face a higher risk of serious illness and mortality themselves.\*\*
- These caregivers average nearly 57 hours per week — about eight hours a day — providing help.\*\*
- 26 percent of caregivers who work full or part-time outside the home have had to take a leave of absence, and 10 percent have turned down a promotion because of their care giving responsibilities.\*\*

\*According to National Association of Insurance Commissioners

\*\*Source: Can Aging Baby Boomers Avoid the Nursing Home? American Council of Life Insurers, March 2000

## How much does it cost?

Long term care insurance is not as expensive as many people think. Many options can be customized to fit your specific needs and budget. The actual cost of your coverage will depend on a number of factors including:

- Your age when you apply
- Your health
- The length of time during which covered benefits would be available
- Specific policy features and benefits you select
- Any discounts you are eligible for

Many people have found effective ways to pay the insurance premium, including:

- Interest from general savings
- Dividends
- Annuity income

The old saying, "you get what you pay for", applies here. Long-term care insurance is the one insurance product that you do not necessarily want to get the best price on. Most major, reputable carriers price their products in the same ballpark. If you find a carrier charging considerably less, that should cause you some concern as to future premium stability.

### **An Example of the Cost Of Waiting:**

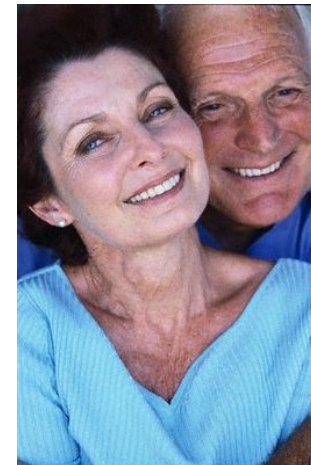
Many people think that they will save money spent on premiums if they just wait to buy long-term care insurance. This is absolutely untrue. The longer you wait, the more you will pay in premiums over your lifetime.

### **Each year you wait:**

- Increases the annual cost of the insurance because you have to buy a higher daily benefit due to the fact that the cost of long-term care has gone up.
- You are a year older so your premium will increase.
- You are at risk in the event you have a health change and cannot qualify for coverage.



7. **SIMPLE INTEREST VS. COMPOUND INTEREST** Anyone under 70 should give strong consideration to either a simple interest or a compound interest Cost of Living Adjustment (COLA) Rider. This will allow your benefits to keep pace with inflation. If you are approaching 70 and find the cost of the compound inflation rider prohibitive, consider the simple interest inflation rider, or purchases somewhat higher benefits that you need today without the inflation rider to compensate for future long term care costs.
8. **SOMETHING IS BETTER THAN NOTHING** If nursing home costs are currently \$180 a day in your area, and you can only afford \$120 a day plan, go ahead. Right now you are self-insuring 100% of the exposure. It is certainly better to have two thirds (66.7%) covered now than nothing at all. Don't procrastinate because of high premiums. Pick a premium level you can afford and purchase a Long Term Care Insurance plan based on your budget.
9. **BIGGEST BENEFIT IS PEACE OF MIND** Studies show that the most important reasons we purchase Long Term Care Insurance is to "protect our assets" and to "assure that we will not be dependent on others."
10. **WE CAN HELP YOU SAVE** to get a quote please contact us at **(425) 452-2769**



## Money Saving Tips on Long Term Care Insurance

1. **SHOP AROUND!** Premiums vary greatly in Long Term Care Insurance. We represent most of the major Long Term Care Insurance carriers and we find differences of 10% to 50% in the premium charged for essentially the same policy benefits. Use an independent broker who will give you a quote and represent you. Far too many agents work primarily for only one insurance company.
2. **WEIGH BENEFITS AGAINST COST!** Many times, an agent will emphasize less important benefits, not in a competitor's policy, even though the competitor's premium is far less for the same major policy benefits.
3. **LONGER ELIMINATION PERIODS!** A 0 day elimination period makes the premium approximately 30% higher than a 90 day elimination period and a 30 day elimination period is approximately 15% higher. Most people can afford to pay the first 90 days, and Medicare, HMO's and Supplements may cover all or part of these expenses. It works just like an auto insurance policy deductible...the larger the deductible the lower the premium will be.
4. **LONGER BENEFIT PERIODS!** Cover the catastrophic need. Lifetime coverage is most desirable, since you will not outlive the benefits. Although it does not happen often, a long term care need can last for over 10 years. Allow enough time to plan your estate disposition. Any property you transfer within three years of a Medicaid Application is subject to possible reversal and criminal penalties.
5. **AGE CHANGES** Some insurance companies use your last birthday, while others use your closest birthday. Birthdays increase the premium anywhere from 4% to 10% depending on your attained age. By purchasing when you are younger and in good health you will always pay less premiums and your coverage will be assured for a longer period of time.
6. **SPOUSAL DOMESTIC PARTNER DISCOUNTS** Most insurance companies offer a 10% discount for a husband and wife applying for coverage at the same time. A few insurance companies offer a 20% discount for a joint applicant. Any two individuals living together in the same household may qualify for this benefit.



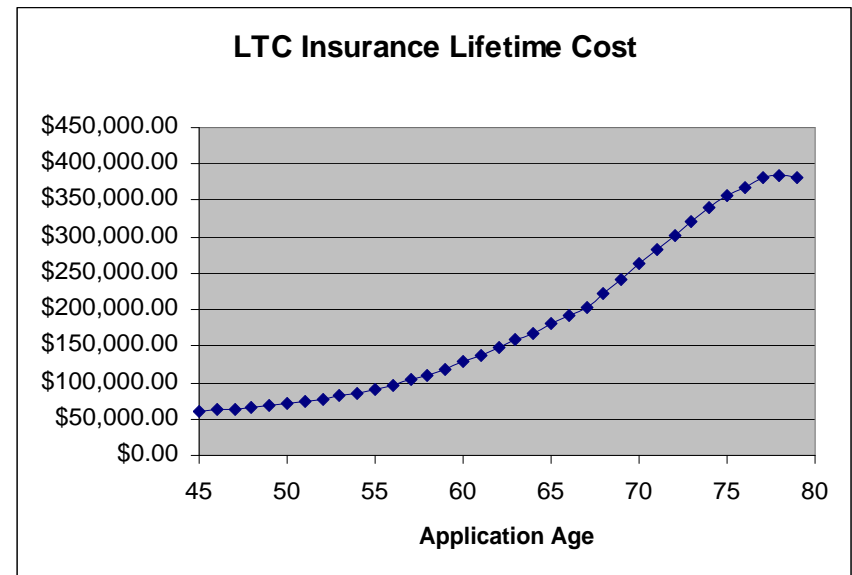
### Example:

The following example uses a long-term care insurance policy that includes \$170 daily benefit, three year benefit period, 100 day elimination period, and inflation protection with a major carrier\*.

John, 55 years old, purchased insurance, the annual premium would be \$1,768.-. If he paid this premium until he was 86 years old, he would have paid in a total of \$54,808.00 in premiums.

If he waited just five years to purchase the same policy the annual premium would be \$3,015.84. The increased premium does take into account that John is now five years older and he would have to purchase a higher daily benefit since the cost of care has increased. If he paid until he was 86 years old he would have paid in a total of \$78,411.87.

**Waiting five years cost John an extra \$23,603.87 in premiums over his lifetime... it did not save him a single penny! In fact, he was also uninsured for five years.**



\*GE, Choice Product, Male Standard Non Smoker, no discounts.

## Do I have to qualify?

You may be under the impression that obtaining Long Term Care Insurance coverage is simply a matter of making a decision based on a quote an agent gave you. Most insurance companies will ask you questions concerning your health prior to selling you an insurance policy. A general rule of thumb is the more questions that an insurance company asks you now, the fewer problems you are likely to run into in the future when you are trying to collect a claim. The insurance company may contact your doctor or even health insurance company concerning your prior health.

That's why it's so important that you look into long term care insurance coverage while you're still healthy and independent. After you submit your application, the underwriters will review your medical records. Good health may qualify you for a 10% preferred health discount, while poor health or certain medical and cognitive conditions may disqualify you from long term care coverage altogether.

Underwriters use several tools to evaluate your insurability, including:

- Your application and medical records
- A personal history interview
- A physical examination or health interview, when appropriate

If you develop health conditions after the policy is issued, you're okay - Your policy will not be canceled and a claim will not be denied because of the health condition. But if you already have certain health conditions, you may not be able to qualify for coverage.



If a person already has certain health conditions, they will not be able to purchase Long-Term Care Insurance. Following are some health conditions that would exclude a person from getting coverage, if they already have the condition.

- Alzheimer's Disease
- Severe Arthritis with functional limitations
- Diabetes which is not under control
- Cancer within the past 6 months
- Parkinson's Disease
- Stroke within the past 6 months
- A Stroke at any time, which has caused functional limitations
- Congestive Heart Failure within the past 6 months
- Emphysema, if severe or still smoking
- Chronic Obstructive Pulmonary Disease, if severe or still smoking
- Any conditions which require the assistance of another human being for the basic activities of daily living: bathing, eating, toileting, or transferring in and out of a bed or chair.



### Odds for using your coverage

<u>Coverage</u>	<u>Odds:</u>
Home fire & damage	1 in 1200
Automobile damage & liability	1 in 250
Medical Insurance	1 in 15
<b>Long-term care</b>	<b>2 in 5</b>