

Smart Future, LLC Newsletter

August 2010



Why You Can't Afford *Not* to Have an LTC Plan

There is a lot of misinformation going around about long-term care insurance (LTCi) premiums. I am going to present some hard numbers to help dispel that myth that LTCi premiums are overly expensive. The cost of waiting to buy LTCi is high. Look carefully at these numbers, and then consider whether you can afford NOT to have an LTC plan in place.

First though I'd like to ensure that you are aware of the high cost of care. For 2010, long-term care costs in the United States are averaging \$10,000 per month for a private room in a decent facility. Go to the link below to find costs in your state.

http://www.genworth.com/content/products/long_term_care/long_term_care/cost_of_care.html

Nancy Curtin, CLTC

For all of the comparisons, we will use a healthy individual with a Preferred rating status. The plan is a cash benefit, paid out in a monthly lump sum. These cash plans are the Gold Standard of LTC, and the ones you should try to get approved for. The benefits are paid anywhere in the world, with no receipts necessary. Plus, cash benefits offer the most flexibility with spending on your care. You can basically pay whomever you want to care for you.

"Penny Wise is often Pound Foolish"

All plans are laid out as follows: \$500,000 initial cash pool, \$6,000 per month cash benefit, 60 day elimination period before benefits are paid, and a Simple 5% Inflation Protection. These plans are for a single person, and there is an additional 10% discount if you are married or living with a Care Partner, and a 40% discount if your partner buys a plan as well.

Source:

If you purchase this plan at age 30, the annual premiums are a mere \$1,085, or \$98 per month (it is always cheaper to pay annually), less than the cost of a dinner out for two. Even if you pay into your plan for 50 years, assuming you need care at age 80, you would only be laying out a lifetime total of \$54,250 in premiums. This would not even cover six months of care if you were trying to pay for LTC out-of-pocket. In return for your premiums, you would have a \$1.7M cash pool available for your care after the cash grows.

French Proverb

The same plan at age 40 costs \$1,785 annually, or \$162 per month. You total pay-in after 40 years (again, assuming age 80), however, is \$71,400. You would have \$1.45M in the pool at age 80.

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Purchasing at age 50 will cost you \$2,966 annually, or \$269 per month. Now you will likely only pay for 30 years, but, your total pay-in amounts to \$88,980. After 30 years, your cash pool will be \$1.2M. You can see that you are getting less and paying more as you age and buy later.

212-767-1500

If you are still insurable at age 60, your annual premiums will be \$5,082, or \$462 per month. Pay-in total is a whopping \$101,640 for 20 years of payments. And at the end of 20 years your available pool will only be \$975K. All told, it's almost 50% more paid in premiums, and \$775,000 less in your available pool than if you had purchased at age 30!

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Although it is never too late to purchase a good LTC plan as long as you are insurable, you can see by the numbers laid out here that your goal should be to purchase early. Make sure you have enough in the starting pool, and that your inflation protection covers rapidly rising LTC costs. Always remember that some LTCi is better than none at all.

www.smartfuture.biz

Please call me today for a free quote on your personalized LTCi plan.

Sincerely,
Nancy Curtin, CLTC