

800-734-6078

# LONG TERM CARE...

## IMPACTING THE AMERICAN WORKPLACE

Prepared for:

**Mississippi**

**Professional**

**Educators**

Presented by:



**ASSOCIATED**

**INSURANCE PROFESSIONALS**

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# Long Term Care...**A Growing Concern**

Across our country there is a growing concern over the high costs of long term care and the effects of these costs on the **quality of life** for millions of Americans.

Most people insure their homes and their cars, but not the cost of needing long term care – **yet this is the risk that is more likely to occur.**

Over the past decade, more and more individuals have begun to **transfer this risk** to insurance providers.



# Long Term Care...**Providing An Alternative**

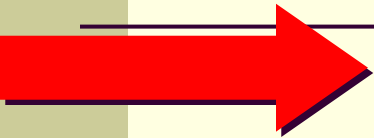
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For the past 15 years, the staff of Associated Insurance Professionals has helped its clients **protect their savings and preserve their financial independence** through affordable long term care solutions.


Through our affiliate company, **Senior Care Plus**, we have provided thousands of individuals with an alternative to spending personal assets.



# What is Long Term Care?



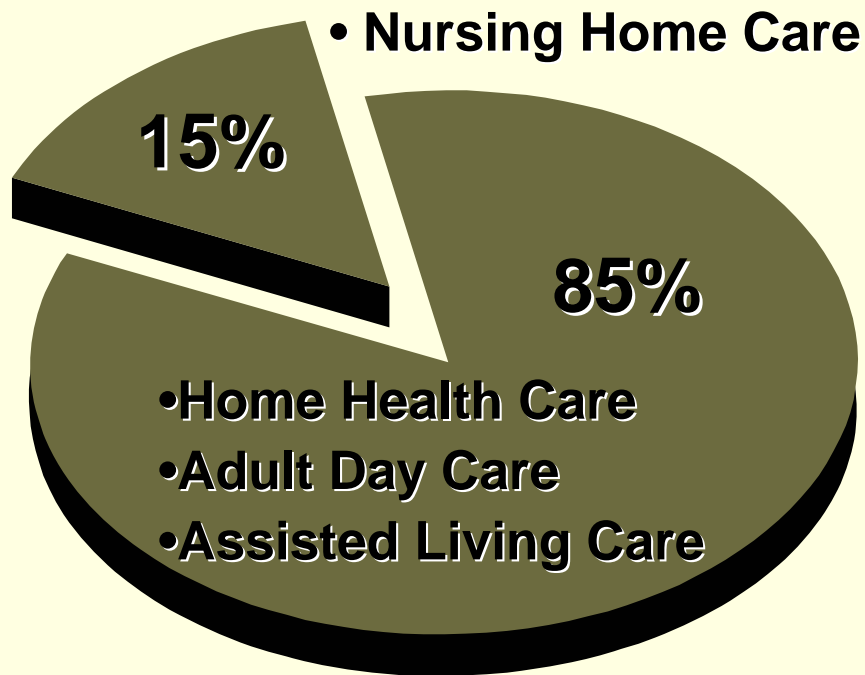
It is the type of care provided for those who have an **illness, disability, or cognitive impairment**, and need assistance with activities of daily living activities.



LTC may include a need for **home health care, adult day care**, or a confinement in an **assisted living facility** or a **nursing home**.



# Where Is Long Term Care Provided?



# What Are The Chances of Needing Long Term Care?

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**The Risk Is Overwhelming:**


The actual risk of needing Long Term Care, either at Home or in a Facility, is **greater than 50%.\***

\*Long-Term Care, Your Financial Planning Guide, Phyllis Shelton, 2001, p. 5.



# What Is the Cost of Long Term Care?

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Currently, the average annual cost in the United States for comprehensive home health care is about **\$38,000\*** and an average stay in a nursing facility is more than **\$50,000.\*\***

\*Long Term Care: A Family Crisis, Don E. Crawford, January 2002.

\*\*Gotcha Covered, Bloomberg Financial Service, Janet Sanford, June 2001.



# What Is the Effect of Inflation on Long Term Care Costs?

(Using a 5% compound inflation rate)

**The  
Rising  
Costs of  
Long  
Term  
Care**

Estimated Annual Cost	Year 10	Year 20
<b>\$40,000</b>	<b>\$62,053</b>	<b>\$101,078</b>
<b>\$50,000</b>	<b>\$77,566</b>	<b>\$126,347</b>
<b>\$60,000</b>	<b>\$93,079</b>	<b>\$151,617</b>



# Who Provides Long Term Care at Home?

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Traditionally, long term care has been provided by a **family member**. However, most of these caregivers are now part of the workforce, and as a result face **conflicting demands** on their time and financial resources.



# The Concern for Employees...

The need for long term care affects working age people in ways other than care-giving. In fact, nearly **40%** of the 13 million Americans currently receiving long term care services are **between the ages of 18 and 64.**\*

**Automobile accidents, strokes, heart problems and cancer** are just a few of life's unexpected circumstances that generate this need.

\*The Wall Street Journal, October 22, 2001, Glenn Ruffenach, "Helping Hands".



# The Need for Long Term Care Increases With Age.

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By age 65, as employees are looking forward to retirement, the potential costs of long term care may represent the **greatest financial risk** to be faced.

Approximately 7 million Americans age 65 and older will need long term care and that number will **nearly double** by 2020.

\*Health Insurance Association of America Consumer Information. Guide to Long-Term Care Insurance, January 2002.



# What About Major Medical or Disability Income?

## Major Medical

Traditional medical insurance normally excludes custodial care, long term confinement in a nursing home, and home care. **Most employees are unaware of this risk.**

## Disability Income

Disability income is intended to replace a portion of the employee's paycheck. Most often, this amount will scarcely meet existing financial obligations, **leaving nothing to address the added costs of long term care.**



# What About Medicare and Medicaid?

## Medicare

Medicare and Medicare Supplement Insurance usually will not pay for long term care.\*

## Medicaid

To be eligible for Medicaid, individuals must spend down their own resources until they become **eligible for welfare programs.**

**Neither of these programs were designed to pay for the costs of LTC.**

\*Shoppers Guide to LTC Insurance, National Association Insurance Commissioners, 2001.



# Who Pays for Long Term Care?

**Unfortunately, most long term care expenses are paid for out of people's pockets, out of the savings they are accumulating or have accumulated to enjoy their retirement.**



# Bottom Line...Care-Giving Affects An Employee's Job Performance?

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A national study indicates:

84% had to make **personal phone calls**

69% had to **arrive late / leave early**

67% had to take **time off** during the workday

29% had to **make up work** evenings and weekends

66% become **“clinically depressed”**\*\*

Ultimately, **30% had to give up work entirely**, 15% took early retirement, and 26% had to take a leave of absence.\*

\*Long-Term Care, Your Financial Planning Guide, Kensington Publishing Corp., 2001.

\*\*Family Caregiver Alliance, 1997.



# Why Are People Purchasing Individual Long Term Care Policies?

- To protect their **assets**
- To protect their spouses' **standard of living**
- To maintain their **freedom of choice**
- To **avoid being a burden** on family and friends

For more information [Click Here!](#)

*"...So this insurance is so much more than financial. It is giving families the money and lifestyle to keep their dignity. And you can't put a price on dignity."\**

\*The Wall Street Journal, Helping Hands, Glenn Ruffenach, quoting Phyllis Shelton, October 22, 2001.

