

# 5 HARMFUL MISCONCEPTIONS ABOUT LONG-TERM CARE PLANNING



525 ADVISORS  
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As we age, we all think about protecting our loved ones. We want to **leave them a financial legacy while protecting them from the burden of having to care for us** as we grow older.

Unfortunately, too many people are missing out on a critical means of meeting those goals. There's a widespread lack of awareness about long-term care plans and the difference they can make in our later years.

# YOU MIGHT NOT KNOW WHAT LONG-TERM CARE PLANS DO.

Long-term care plans provide a tax-free stream of income to help pay for care costs that are not generally covered by medical insurance, Medicare or Medicaid.

## Plans cover services like:

- Custodial Care
- Skilled and Unskilled Care
- Nursing Care
- Therapy Care  
*Occupational, Speech, or Physical*
- Help with Personal Care  
*Getting Dressed, Bathing, Preparing Meals,  
or Performing Light Housework*

# YOU MIGHT NOT KNOW WHAT CAN HAPPEN IF YOU LACK COVERAGE.

The most obvious effect long-term care has on a family is **financial loss**. Nothing can devour your wealth and legacy quite like the costs of long-term care whether it's provided in your home or at a care facility.

However, funding your care is just one issue to consider. In many ways, managing it is an even greater concern.

The higher cost of your care comes from the **physical and emotional toll it takes on your loved ones** to manage it on your behalf. It causes stress, exhaustion, and even division within the strongest of families and friendships.



# YOU MIGHT NOT KNOW YOU CAN MISS OUT!

Long-term care plans aren't an "off-the-rack" purchase like many insurance products. The application process is complex, and there are **many factors which can leave you ineligible for coverage.**

Far too many people wait to seek coverage until it's **too late.**





# YOU SHOULD NOT HAVE TO MISS OUT!

Our team members have seen their own families suffer the **devastating effects** of not having a long-term care plan in place, and our stories drive us to protect you and your loved ones from that experience. We've spent the last decade educating people about their options for long-term care plans and advising them on their decisions.

Beyond the general lack of awareness, **there are 5 harmful misconceptions we hear the most** about long-term care plans. We see far too many people miss out on the protection they need because of them.

**We're going to clear things up** so you can make an informed decision. Then, at the end of this document we'll help you understand your next steps, so you can know your care will be funded and managed when you need it.



**MISCONCEPTION #1**

**I MIGHT NOT NEED IT.**



## MISCONCEPTION #1

# I MIGHT NOT NEED IT.

**Too many people underestimate the need for long-term care.**

If anything, we avoid thinking about it because nobody wants to imagine what it might take to need it. Some of us have been lucky enough to avoid seeing a family member go through an extended health care situation, so it might not seem like a big deal.

It is, and **it's bigger than most of us realize.** According to the U.S. Department of Health and Human Services:

- About **70%** of Americans turning 65 will need long-term care services at some point in their lives.
- About **1 in 5** will need care for more than 5 years.

**Long-term care situations are one of the biggest risks we face as we age.**

They're a leading reason people **go broke in retirement.**

Extended health care situations undo even the strongest retirement and estate plans.

Long-term care situations have the potential to make your last years the worst for you and your family, and they can dissolve the emotional and financial legacy you want to leave behind.



**MISCONCEPTION #2**

I HAVE ENOUGH  
MONEY, SO I'M FINE.





## MISCONCEPTION #2

# I HAVE ENOUGH MONEY, SO I'M FINE.

Too many people and advisors make long-term care about having enough money. Their solution goes something like this: *“If you have saved the magic number, you don’t need to worry about long-term care planning.”*

- **This simplified approach overlooks the tax expenses and other hidden costs** when you’re forced to convert your assets into income to pay for care.
- **It also dismisses the human cost** you pass on to your loved ones.

Instead, with a long-term care plan:

- **The tax issues are covered.** They provide dedicated, tax-free financial resources to pay for care.
- **The human cost is covered as well.** Plans provide you with a team of **professionals** who manage your care.

**The truth is, long-term care situations are more than just expensive.**

They put emotional and physical demands on family members who struggle both to provide and manage your care. Your loved ones will struggle with the ongoing daily commitments. They’ll

also struggle with where to turn for guidance or how to get the right level of care for your needs.

### **Professional help makes all the difference.**

Having professional help relieves your loved ones of the burden of care and removes the guess work and stress from the process.

For example, imagine if your house burned down, and you used your savings to rebuild it on your own:

- Where do you start?
- How do you get rid of the burnt structure and its contents?
- How do you get the right permits?
- Where do you find the right contractor?

**Insurance provides the team of professionals who have the expertise needed** to rebuild your house so you can get on with your life.

Long-term care insurance is no different. When you or your loved one needs care, **many plans provide concierge-level experiences** to help you and your family manage your ongoing care. Case Managers, Claims Specialist and Care Coordination are part of your plan, and they provide valuable benefits which can't be overlooked.

We believe everyone deserves an efficient, dedicated funding source to pay for an extended health care situation, and your loved ones deserve **professional** help to manage your care when it's needed.





**MISCONCEPTION #3**

**I'VE STILL GOT TIME.**

## MISCONCEPTION #3

# I'VE STILL GOT TIME.

As with all insurance, long-term care isn't something you put in place when you need it. You must plan ahead.

**It's critical to apply when you're as healthy as possible.**

Your age is one of the determining factors on how much your plan will cost, but **it's your health that determines your eligibility.**

Nationally, about **1 out of 3 people who apply for long-term care insurance are denied coverage.** This is due to pre-existing medical conditions or injuries that prevent them from qualifying.

To make things worse, the application and underwriting process is incredibly complex. For example:

- 1. There are a few exceptions.** Some companies use rating systems, offering the best coverage for the best price to the healthiest individuals, but many companies simply approve or deny your application.
- 2. To make things more complicated, different companies have different criteria** for underwriting their plans and determining your eligibility. It's possible to apply to the "wrong company" and get denied when other companies would have approved you.

**3. A denied application is a bigger problem than you might realize.** Many companies will not accept your application if you have been recently turned down by another company, so not only is it important to apply early, **it's also crucial to get it right the first time.**

We understand the complexities and challenges of underwriting and will always go over your current health prior to applying for coverage. This allows us to make sure you **apply to the right company and get approved.**

**It's critical to apply before the plan you need goes away!**

**Insurance plans are not static,** and the plans available today may not be around in the future.

Over the last few decades, we have seen many **popular options become limited or disappear altogether.** For example, in the past, almost all companies offered lifetime benefits and limited pay options, but we only have a few who do that today.

Plans are designed around mortality and morbidity statistics, available treatments, and even the expected interest rate environment. As this data changes, so do the plans. Putting a plan in place today guarantees your coverage and means **you may have a stronger plan than what will be available in the future. There are no benefits to waiting.**





**MISCONCEPTION #4**

THE GOVERNMENT  
WILL PAY FOR MY CARE.

## MISCONCEPTION #4

# THE GOVERNMENT WILL PAY FOR MY CARE.

Recent surveys suggest nearly 2 out of 3 Americans believe the **Affordable Care Act** (Obamacare) will pay for long-term care services if needed. Nearly the same number of people believe Medicare will pay. Unfortunately, **neither of these programs pay for ongoing, long-term care services.**

## What Medicare Provides

Medicare is our health insurance after we turn 65. It will pay for **limited rehab** and **acute care**, but not for long-term care services.

Medicare does pay for up to 100 days of skilled nursing care (20 days without a deductible), but this is for people who are **improving** and is not going to cover custodial or other long-term care services.

## What Medicaid Provides

Medicaid is the largest payer of nursing home expenses in this country. The catch is, the people who receive Medicaid benefits have **already exhausted their assets** as most states require an individual to pay for their own care until they have no more than \$2,000 of liquid assets remaining.

The individual is then considered a **“Ward of the State”** and is required to first use their remaining income to pay for care before Medicaid offers any additional funding. The State will also put a lien on any remaining assets such as a home to recapture any proceeds paid out after the person has passed.

And remember, **the State will decide where and how you receive your care**, and you will be limited to facilities who accept the Medicaid reimbursement rates.

**Government programs that pay for long-term care services are safety net programs.**

For these programs, you have to prove the financial need for care. You're not allowed to keep assets and income while receiving payment for long-term care services from the government.





**MISCONCEPTION #5**

I DON'T NEED LONG-TERM CARE IF I HAVE A TRUST.

## MISCONCEPTION #5

# I DON'T NEED LONG-TERM CARE IF I HAVE A TRUST.

**Think of a trust as a “safety deposit box.”** You put money or other assets into the trust to protect them.

- Now, if you have the key to the safety deposit box, the money is yours, and the government will count it as yours. This is a known as a **Revocable Trust** (one that can be modified).
- If you give the key to someone else (no take-backs) and don't have access to the assets inside, this is known as an **Irrevocable Trust** (one that cannot be modified). The assets are no longer yours.

Many Attorneys offer trust planning, or asset protection planning services, under the guise of long-term care planning. “Safe Harbor Trusts,” “Spousal Protection Trusts,” and “A-B Trusts” are just a few of the dozens of names used.

### **Trusts are not a substitute for long-term care planning.**

For example, many trusts for married couples move half the couples's assets into a trust when the first person dies. This action protects that half of the estate from having to be spent down should the surviving spouse need to qualify for Medicaid.

However, if the first person doesn't die but instead requires long-term care services, **there is no protection for the assets, and they are all at risk.**

Consider this scenario as well. Assets must be placed into an ***Irrevocable Trust*** at least five years prior to applying for Medicaid to protect those assets. This means you must permanently impoverish yourself ahead of time, and you can't get the money back, even if you never need long-term care. Should you need care, your monthly income will be used first before any reimbursements, and the state will decide where and how you receive your care. **They are in control, not you.**

Trust planning is an extremely useful and necessary tool for estate and legacy planning, but it is not a substitute for long-term care planning. Worse yet, it often makes a difficult care situation even harder by limiting your options. We can show you how to set up a plan to **protect your assets and stay in control of your care options.**





## YOU AND YOUR LOVED ONES DESERVE TO FEEL CONFIDENT ABOUT THE FUTURE!

**You shouldn't have to figure this out on your own.** The options for long-term care plans are confusing, and the stakes for your physical, emotional, and financial future are too high to feel uncertain about your decisions.

**That's why we've helped 1000's of people over the last decade make confident decisions.** We've created educational tools like classes, webinars, and our weekly radio show, [Long Term Care Radio on KIRO FM and KVI AM](#), to help people cut through the confusion. Our independent agency works for you, not the insurance companies, to make sure you get the plan that's right for your situation.

# Here's How You Find the Right Plan



## 1. Understand Your Options

Attend one of our live events or webinars, listen to our radio show, and use the resources on our website to learn more about long-term care plans.



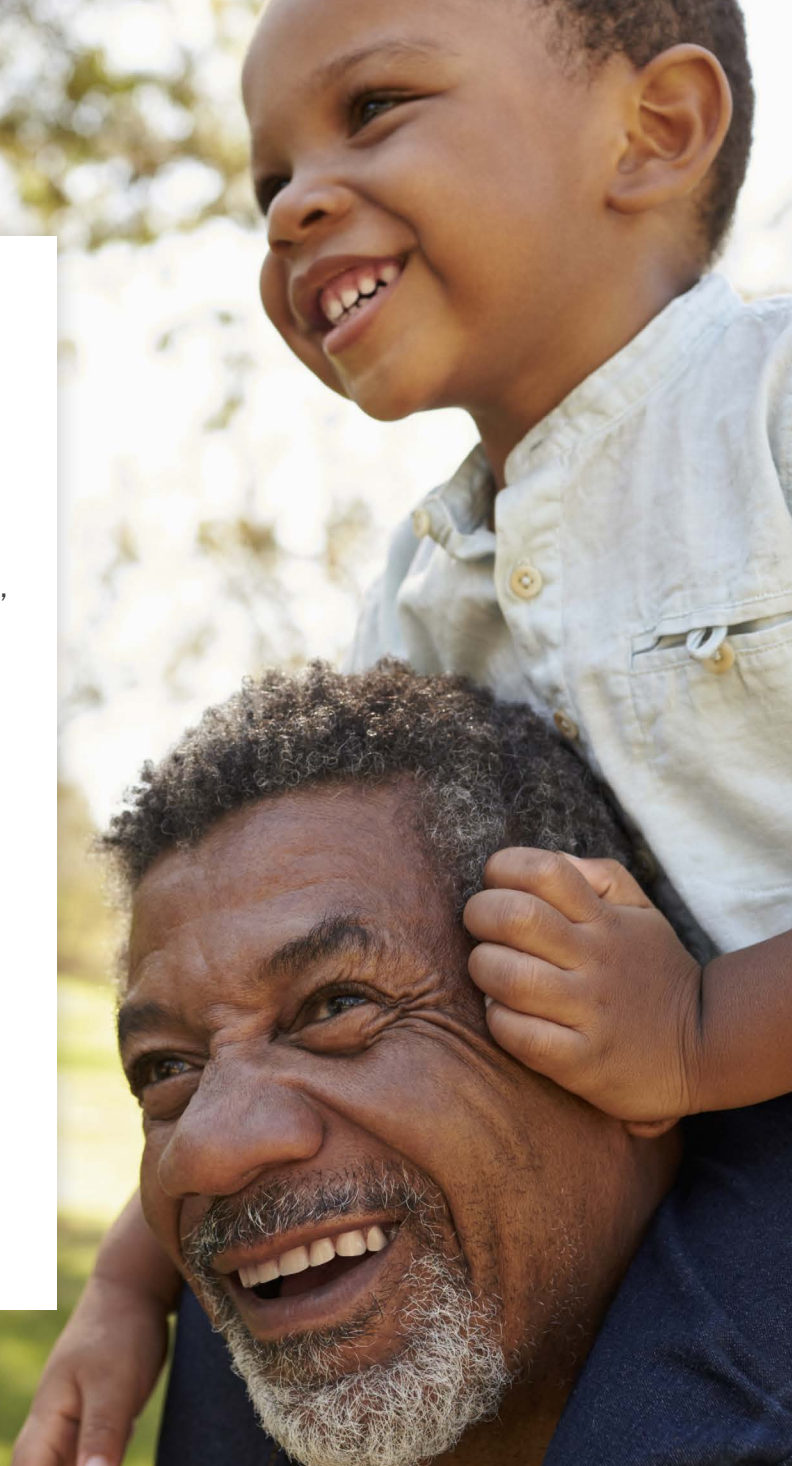
## 2. Get a Custom Plan

Submit our Pre-Screen form, and we'll reach out to help you sort out your options and make the right choices for your situation.



## 3. We'll Get You Approved

The application process for long-term care plans is complex. You'll be guided through it to make sure your plan is accepted.



**Most families will struggle with long-term care, and the planning process can be frustrating and confusing. We design custom plans that protect your wealth and your family, so you can have the security of knowing your care is funded and managed in a time of need.**



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**So, once you feel like you understand your options, fill out the Pre-Screen Form** to start the application process.

You can stop worrying about being a burden and instead have the satisfaction and relief that there's a plan in place that protects you and your loved ones and makes sure you get the care you deserve.

In Service,



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