

Why Everyone Needs Long Term Care Insurance (Part I)

March 2002

In the past year, I've written a number of letters and articles about the importance of owning long-term care insurance. I am surprised how few of you have inquired about purchasing long-term care insurance, either for yourselves or for your parents.

You probably think that it's too expensive or that you won't need it. Think again!

The following true story was written specifically for this newsletter by a friend of mine. When she first told me about what was happening with her family, I knew that hers was a story that needed to be told. She has graciously honored my request to tell her story, in the hope that you and I will not find ourselves in the same situation.

JULIET'S STORY

"My father was an attorney. He was by and far one of the most organized and intelligent men I have ever known. The only fault he had was occasionally he would put things off. One of these things, among others, was the purchase of long-term health care insurance. He and Mom spoke of it often and were always saying "One of these days we should look into that." Unfortunately, tragedy struck before that day came.

On February 17, 1999, my parents were in a very serious car accident. Neither one were wearing their seat belts. Dad suffered a few cracked ribs and a bump on the head. As a result of these cracked ribs Dad contracted a serious case of pneumonia and was hospitalized. In addition to all of this, Dad was already suffering from a form of dementia known as Picks Disease. This disease was in its beginning stages. Dad was pretty alert, aware of the reality around him and able to function while living at home. All of the pneumonia medication, hospitalization, etc., however, really accelerated his Picks dementia at a rate no one has really ever seen before. All of this really pushed him over the edge. Suddenly he was totally detached from reality, unable to communicate or make decisions for himself. He was completely mentally incompetent.

Beds in nursing homes are hard to come by, especially at the high rate of care my Dad needed. On top of everything else he needed to be catheterized, which puts him at the highest level of care. We were forced to keep him at a hospital, paying exorbitant rates per day, just to wait for a bed to become available at a nursing home that would accept him. Finally we found one of the few nursing homes that could meet his needs. We are now paying in excess of \$250.00 per day, with private nurses fees on top of that. Wheel chair expenses, clothes, medication, doctors visits, dental care, are all extra. He has no chance of recovery from his dementia. He will be in a nursing home for the rest of his life. There is simply no other option.

This horrible experience has really made me realize the importance of advanced planning. If my father had purchased long-term health care insurance, he would have been better prepared for this tragedy and would have had more options open to him. My

husband and I have discussed purchasing long term health care insurance, even though we are very young. Take it from me: you NEVER know when tragedy will strike. Be prepared. Buy long term health care insurance today. You will be so glad you did.”

When young couples come into my office to discuss retirement and education planning, they are often surprised when I begin our discussion with questions about their parents. Do they have a will? A living trust? Do they have long-term care insurance?

What does that have to do with retirement or education planning? A lot!

If something were to happen to their parents, like what happened to my friend’s parents, and if one or more of their parents were in need of long-term health care, the costs could totally deplete their parents’ estate. Money that my clients had hoped to invest for their retirement or their children’s education might end up being used to take care of their parents. It’s also possible that their parents might need to move in with them and receive around the clock medical care.

Making sure that your parents have a will, a living trust and adequate life and long-term care insurance is the first step in any sound retirement plan. Not being prepared and not having adequate insurance coverage could ruin your parents’ retirement, your retirement, your siblings’ retirement, and, perhaps, your children’s financial future.

With people living longer every day, having adequate long-term care insurance has become even more important.

RICHARD’S STORY

“My parents have two longtime friends who live in Arizona, Both are in their early 70s.

A few years ago, the husband suffered a stroke. Over time, his condition deteriorated to the point where his wife could no longer care for him in their home. His wife had no other choice than to move him to a long-term health care facility, where he receives around the clock care and, like my friend Juliet’s father, will remain for the rest of his life.

A few years prior (before the stroke), this couple had asked a close friend who used to be in the insurance business (and whose son is in the insurance business) about long-term care insurance. Surprisingly, he did not think that they needed it and did not recommend that they buy it.

Fortunately, they did not follow his advice. They purchased long-term care insurance and it turned out to be a wise decision.

In the 1980s, this couple encountered financial problems that forced them to scale down their lifestyle and, in the 1990s, forced the husband to work at an age when most of his friends had retired. After his stroke, he was unable to work.

Without long-term care insurance, my parents' friends might have been wiped out financially and might have had to turn to their children and/or their friends for financial support. It's hard to imagine how they would have been able to receive adequate health care. And, with people living longer, they might have ended up being a burden on their friends and family for 10, 20 or more years."

THE FINAL WORD

Anytime you have a need for life, health, disability, long-term care, liability, home or earthquake insurance, don't put off purchasing the coverage you need because you think that it is too expensive. You will be doing yourself and your loved ones a great disservice. In every instance where there is a legitimate need for insurance, the value of having that insurance will always far outweigh the cost.

I know three individuals in their 40s who have left successful professions because of various disabilities. Two will continue to receive sizable disability income payments for the rest of their lives. The third received monthly payments and, ultimately, a large lump sum that enabled him to recover from a major car accident and start a new business. Each will tell you that purchasing disability insurance was one of the smartest decisions they ever made.

My parents' friends in Arizona can certainly attest to the wisdom and importance of buying long-term care insurance.

When a friend died of skin cancer in his mid 40s, the insurance coverage he owned, along with some sound financial planning, allowed his family to maintain their affluent lifestyle without his widow having to work.

Don't put off buying the insurance coverage that you need for any reason!

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Please share this article with your parents. Ask them if they have an estate plan and if it's up to date. Ask them if they have long-term care insurance. It's in everyone's interest to discuss these issues and to ensure that everyone's financial affairs are in order.

If you are a parent or a grandparent, make sure that your affairs are in order. Review your estate plan and your insurance coverage on a regular basis. That last thing that anyone wants is to become a burden to their spouse, their children or their friends.

As always, we at Winer Wealth Management stand ready to assist you with any and every aspect of your investment, insurance and estate planning. If you would like for us to review your or your parents' estate plan, insurance coverage or investment portfolios, please call us at (818) 673-1695 to schedule an appointment.