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What constitutes  
Long Term Care  
and who needs it?

Why is Long Term  
Care Insurance  
important?

Evaluating your need  
for Long Term Care  
Insurance

# Long Term Care Insurance

WHAT YOU NEED TO KNOW

You have worked tirelessly to save for your retirement and to provide a legacy for your successors. Have you taken the appropriate steps to protect yourself from the catastrophic impact of a disabling physical or mental condition requiring specialized, long term care? Have you invested in the protection that long term care insurance can provide?

## What constitutes Long Term Care and who needs it?

Life requires an individual to perform a variety of routine tasks. These tasks are divided into two categories by the U.S. Centers for Disease Control (CDC) for the National Health Interview Survey (NHIS): tasks addressing personal care needs, referred to as Activities of Daily Living (ADL's), and tasks addressing routine needs, referred to as Instrumental Activities of Daily Living (IADL's). ADL's include such activities as eating, bathing, dressing, getting around the house, and using the bathroom. IADL's include such activities as preparing meals, everyday household chores, shopping, and paying bills. While most people can perform these tasks unassisted, many require assistance because of physical and mental disabilities. This assistance constitutes long term care. It may be provided in adult day care centers, assisted living residences, nursing homes, or at home. In 2008, of 225 million people in the U.S. age 18 and older, an estimated 8.9 million individuals required some form of assistance with their IADL's. An estimated 4.3 million individuals required assistance with their ADL's.<sup>1</sup>

## Why is Long Term Care Insurance important?

Long term care can be a devastatingly expensive proposition. The national average cost of the services of a home health aid for at-home care is about \$19 an hour. At an average of twenty hours per week, this works out to a cost of about \$1,650 per month, or \$19,800 annually. The national average cost for nursing home care is about \$75,200 annually, or \$6,267 a month.<sup>2</sup> Insurance helps to spread these costs over time and across the population. According to the National Association of Insurance Commissioners, a forty-year-old, healthy individual purchasing a policy in 1999 would have to pay premiums for over two hundred years before the total of the premium payments would even approach the total benefits available.<sup>3</sup>

## Evaluating your need for Long Term Care Insurance

If you are considering the purchase of long term care insurance, there are several advantages to obtaining it sooner rather than later. **(1)** A young, healthy individual will pay lower premiums for a long term care insurance policy than an older person will pay. The risk of a young, healthy person being in imminent need of long term care is less than the risk for an older person. Because the premiums for LTC coverage can be spread out over a longer period of time, insurance companies can reduce the premiums, making LTC insurance more affordable. **(2)** The ability to obtain a policy is contingent upon an individual's



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Call today to discuss how long term care insurance can protect your assets, your retirement and your legacy.

health at the time of application. A person's health often deteriorates with age, and his or her ability to obtain coverage at any price can also deteriorate. **(3)** The need for long term care is not restricted to individuals age 65 or older. Of the people needing long term care in 2008, 44.8% were under the age of 65.<sup>1</sup>

Statistics: 70% of people age 65 and older will require at least some long term care in one form or another during their lifetime. 40% of seniors will require the services of a nursing home or other convalescent care facility.<sup>4</sup>

### Long Term Care Statistics

70% of people age 65 or older will require some form of long term care in their lifetime.<sup>5</sup>

40% of seniors will require some form of convalescent-care-facility services in their lifetime.<sup>5</sup>

44.8% of individuals requiring long term care are under the age of 65.<sup>1</sup>

11.7% of nursing home residents are under the age of 65.<sup>4</sup>

3.4% of seniors age 65 to 74 currently require assistance with their Activities of Daily Life; 6.9% require assistance with their Instrumental Activities of Daily Life.<sup>1</sup>

10% of people age 75 or older currently require ADL assistance; 19.2% require IADL assistance.<sup>1</sup>

<sup>1</sup> Summary Health statistics for the U.S. Population: National Health Interview Survey, 2008, U.S. Department of Health and Human Services. Centers for Disease Control and Prevention. National Center for Health Statistics. Series 10, Number 243, December 2009, page 25.

<sup>2</sup> "What Does Long-term Care Cost in Your State?" AARP.org, retrieved on May 2, 2010 from [http://www.aarp.org/families/caregiving/state\\_ltc\\_costs.html](http://www.aarp.org/families/caregiving/state_ltc_costs.html)

<sup>3</sup> A Shopper's Guide to Long Term Care Insurance, National Association of Insurance Commissioners, 2009, page 28.

<sup>4</sup> The National Nursing Home Survey: 2004 Overview, U.S. Department of Health and Human Services. Centers for Disease Control and Prevention. National Center for Health Statistics. Series 13, Number 167, June 2009, page 17.

<sup>5</sup> "Who needs Long Term Care?" U.S. Department of Health and Human Services. [http://www.longtermcare.gov/LTC/Main\\_Site/Understanding\\_Long\\_Term\\_Care/Basics/Basics.aspx](http://www.longtermcare.gov/LTC/Main_Site/Understanding_Long_Term_Care/Basics/Basics.aspx), October 2008.

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