

## Procrastination costly for long-term care insurance

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If you're like most Americans, you probably don't want to become a financial burden on your family as you age. In fact, you may be more worried about becoming a burden than about dying. Many people purchase [life insurance](#) to plan for their death, but many don't plan for aging.

A 2010 study, "America Talks: Protecting Our Families' Financial Futures," released by Age Wave/Harris Interactive and sponsored by Genworth Financial, found that more than half of those polled said being a burden on their families was their greatest concern if they could no longer care for themselves. Almost one-quarter said living in a nursing home was their greatest fear, followed by 12 percent who said depleting their savings was a top concern. Death was of least concern -- with only 10 percent citing it as their No. 1 worry.

### The realities of aging

Roughly 10 million Americans need daily help with basic tasks like cooking, bathing and dressing (which is not covered by Medicare), according to a 2003 "Developing a Better Long-Term Care Policy" report from the National Academy of Social Insurance. By 2050, the number of Americans older than 65 is expected to be almost 87 million, according to a 2004 "Projected Population of the United States, by Age and Sex: 2000 to 2050" from the U.S. Census Bureau.

- It costs about \$74,208 per year to stay in a private nursing home room and the average stay is 2.8 years, according to a 2009 "Genworth Financial Cost of Care Survey" by CareScout. That comes to almost \$200,000 total.
- Of all the options that people have for financial help during retirement, relying on family members is the least attractive, according a 2010 survey by Age Wave/Harris Interactive and Genworth Financial titled "America Talks: Protecting Our Families' Financial Futures."
- By 2030, many retirees will not have enough income or assets to cover basic expenditures, much less expenses related to a nursing home stay or a home health care provider, according to a 2003 report by the Employee Benefit Research Institute, "Can America Afford Tomorrow's Retirees: Results from the EBRI-ERF Retirement Security Projection Model."



"This is the first generation that really has had the issue of long-term care planning thrust upon [it]," says Jesse Slome, executive director of the AALTCI. "They're starting to see their parents age and to deal with the issues involved."

Long-term care [insurance](#) can help pay for adult day care, home nursing care or a stay at an assisted living facility or nursing home. Your age is a primary factor in the cost of a long-term care insurance policy. The younger you are when you get the policy, the cheaper your premiums will be. For more, read about the [basics of long-term care insurance](#).

But many Americans struggle with long-term care planning, Slome says. That means figuring out if they want to buy it, when to buy it and how much coverage is needed.

"You buy [car insurance](#) because the state requires it. You buy homeowners insurance because your mortgage company requires it. So, when do you buy long-term care insurance?" he asks. "When you're 79? Consumers are acting quite logically, but they wait until the last minute. And unfortunately, the last minute is too darn late."

He believes that it's the responsibility of [insurance companies](#) to educate consumers on why they should not wait. However, that's a challenge during tough economic times. The recession and recent premium increases are probably the reason many people are waiting longer to purchase long-term care insurance, says Slome. Still, he warns consumers about the danger of waiting for economic recovery to plan for long-term care.

"The risk is that 24 hours from now, a change can occur in your health that makes you unable to qualify for long-term care insurance, no matter how much you're willing to pay," he says.

### **Long-term care insurance cost rises every birthday**

From a longer-term perspective, quotes for long-term care insurance will increase each year on your birthday. This isn't much of an issue in your 40s and early 50s, but becomes a factor once you reach your later 50s or age 60, Slome says. Every year you wait to lock in coverage, you risk the policy price becoming out of reach. Premiums may increase at a rate of about 8 percent a year at a later age, he adds. "If you can guarantee that two years from now you'll be in the same or better health, then by all means, invest the money and wait to buy your coverage."

Genworth's 2010 study "America Talks: Protecting Our Families' Financial Futures," released by Age Wave/Harris Interactive and sponsored by Genworth Financial, also found the following:

- Uninsured medical expenses are the top retirement financial worry among men and women age 55 and older, outranking "outliving my money" by a 2-to-1 margin.
- Fewer than half of those projected to eventually need long-term care think they'll need it.
- Only 10 percent are "very confident" they'll be able to pay for their long-term care.
- By nearly a 4-to-1 margin, respondents prefer to have long-term care in their homes rather than in a nursing home or assisted living facility.

- The greatest worry of becoming a caregiver is not the financial burden, but the expected emotional strain.
- "Not being a burden on my family" was more than twice as important among respondents as "protecting my assets" when planning for long term care.
- Aside from cost, confusion is the biggest barrier to purchasing long-term care insurance, including predicting how much coverage will be needed in addition to Medicare and/or Medicaid benefits.

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