



Your Long-Term Care Planning Kit

Information and tools to start planning today.

Barry and Sarah

Ages 67 and 64

Married and retired with 2 adult children and 1 grandchild. When it comes to possibly needing long-term care, they want no surprises.

Welcome! Thanks for the opportunity to guide you through the steps of long-term care planning.

Long-term care provides a range of services and support that can help you with health or personal care needs over an extended period. It can supplement services provided by your family or can take the place of family care.

Planning for your long-term care may seem like a daunting task, but it doesn't have to be. You can secure your future by knowing your options, planning wisely, and taking action. The information and tools in this kit can help you get started.

Remember, it's your future. Own it!

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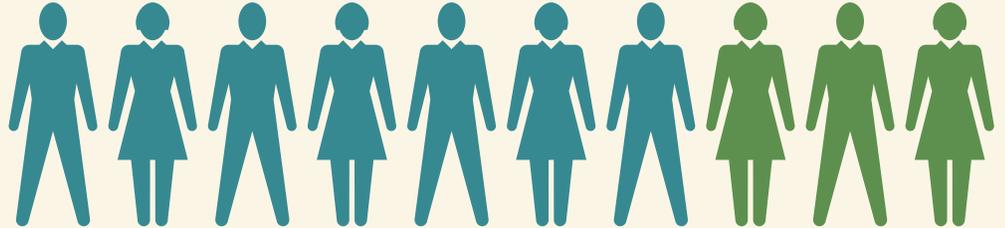
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Long-term care coverage can provide you and your family a more secure future.

The Texas Long-Term Care Partnership was created by the Texas legislature to give Texans like you the information and tools you need to plan for long-term care. The Partnership is a collaborative effort between private long-term care insurance providers, their authorized agents, and state government agencies including the Texas Department of Insurance and the Texas Health and Human Services Commission.



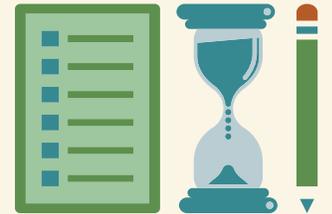
PROTECT YOUR LOVED ONES.



70% OF PEOPLE OVER AGE 65 WILL NEED SOME TYPE OF LONG-TERM CARE.



RETAIN YOUR INDEPENDENCE.



START PLANNING TODAY.



RETIRE WITH PEACE OF MIND.



LEARN ABOUT A PARTNERSHIP-QUALIFIED POLICY.



PROTECT YOUR ASSETS.

What is Long-Term Care?

While traditional health-care services focus on the prevention and treatment of medical conditions, long-term care services are designed to help you maintain your current lifestyle as much as possible at a time when you may not be able to be fully independent.

You may need long-term care if you:

- develop a prolonged or chronic illness.
- sustain a serious injury or disability.
- develop a cognitive impairment that causes memory loss or disorientation.
- need to manage issues that come with aging.



70% of people over age 65 will need some type of long-term care.

Long-term care isn't just for older people

Most of us think of long-term care as being only for older people and those in nursing homes, but 40 percent of people currently receiving long-term care services are 64 or younger. And most people receive long-term care services either in their own or a family member's home, not in a nursing home.

A practical way to determine whether someone needs long-term care is if he or she needs help with activities of daily living (ADLs).

These include:

- eating
- bathing
- dressing

- using the toilet
- transferring to or from the bed or a chair
- caring for incontinence

Needs may change over time

For some people, long-term care is a temporary response to an illness or injury. For others, it offers protection from the effects of aging. At first you might need only occasional help for a few activities of daily living, and may opt to receive it at home. Over time, however, you may need more regular assistance and choose to stay in an assisted living center.

Long-term care can cover different types of services and supports:

- **Skilled care** requires a physician-prescribed plan of care and is provided by medical personnel, such as a registered nurse or professional therapist.
- **Personal care** focuses on helping with your activities of daily living. It may be provided by professional caregivers or even a family member.
- **Case management services**, which evaluate and coordinate your overall care.



Marguerite

Age 46

Marguerite and her husband have always worked on staying healthy and fit. After a serious accident three years ago, she knows how precarious good health can be.

Marguerite’s 48-year-old husband, Richard, was hiking with his brother when he skidded on loose rocks and tumbled down a steep slope. His injuries required multiple surgeries and a stint in a rehabilitation hospital. But that was just the beginning of his recovery saga.



40% of people currently receiving long-term care services are 64 or younger.

At home, Marguerite and Richard now had a steady flow of home health aides and physical therapists. The daily treatment was intense — and expensive.

“We got a double shock,” said Marguerite. “First, the fall — Richard was in great shape and had hiked on all kinds of terrain for years — and the magnitude of his injuries. Second, the cost of having professional home care.”

She adds a third: “We never imagined we’d be in this situation at such a young age. Maybe in our 70s or 80s, but not on the cusp of middle age.”

After several months and with Marguerite’s help, Richard was finally able to get around and take care of himself at home. He still needed occasional home health visits, and it took a couple more months before he could go back to work.

By that time, Richard and Marguerite had talked with a financial advisor about long-term care plans. The advisor referred them to an insurance agent who provided several options that fit their life circumstances.

“Given our experience, we didn’t need to be convinced of the value of long-term care insurance,” Marguerite says. “We decided on a policy right away. It’s an investment in our financial health and our sense of security.

“We never want to go through that again,” she says, “but we certainly know it could happen at any age. We breathe easier with the protection we have today.”

Medicare, Medigap, Medicaid, and Long-Term Care: What They Do and Don't Cover

Despite what many people believe, very few government programs will help pay your long-term care expenses, and those that do have strict eligibility requirements and limits on what is covered. You should not count on these programs, health insurance, or disability insurance to pay for your long-term care.

Medicare. Oftentimes people think Medicare will cover their long-term care needs. However, Medicare does not cover it—it pays for short-term medical expenses based on age and other qualifications. Medicare is a health insurance program for people age 65 or older, some people under age 65, and people of all ages with end-stage renal disease.

Medigap. Medigap insurance (supplemental insurance for Medicare) is not intended to meet long-term care needs either, and provides no coverage for the vast majority of long-term care expenses.

Medicaid. Medicaid pays for some long-term care services, but you must first qualify for it. Eligibility is based on medical necessity and financial factors such as income and savings. If you qualify for Medicaid but have other health-care coverage, long-term care coverage, or another party is liable for your medical expenses, those sources will have to pay your long-term care claims before Medicaid does. If you plan to have Medicaid fund your long-term care, you will first have to “spend down” resources such as savings and other assets that can be converted to cash.

In 2017, to qualify for long-term care through Medicaid:

- You must meet Medicaid income eligibility based on “countable income” limits. What’s considered countable income varies depending on your personal circumstances. The monthly income limit is \$2,205 for a single person and \$4,410 for a couple.
- You must have no more than \$2,000 in “countable resources” for a single person, or no more than \$3,000 for a couple.
- Your home equity cannot exceed \$560,000.
- Neither you nor your spouse can transfer any resources during the 60 months prior to applying for Medicaid. The block of time these transfers are prohibited is called the “look-back period.”
- You must have a “medical necessity”—a medical condition that requires the type of care provided in a long-term care facility such as a nursing home. The medical necessity designation also allows you to receive home- and community-based services, but because demand is high, services may not be immediately available.

If you do not meet the medical necessity designation, you may still be able to qualify for some personal care services that help with activities of daily living. Though you may not have to wait for these services, they are more limited.



You should not count on government programs, health insurance, or disability insurance to pay for your long-term care needs.

Long-Term Care Service	Medicare	Private Medigap Insurance	Medicaid
Nursing home care	Pays in full for the first 20 days for approved amounts in a skilled nursing facility, but only after a three-day hospital stay. If you still need skilled care, will pay all but a co-payment of \$140/day for days 21-100 per each benefit period.	May cover the \$140/day co-payment if your nursing home stay meets all other Medicare requirements.	May pay for care in a Medicaid-certified nursing home if you meet functional and financial eligibility criteria.
Assisted living facility (and similar facility options)	Not covered.	Not covered.	Texas Medicaid does not pay for assisted living except through waiver programs, which have limited funding and require a wait period. Financial and functional eligibility requirements must be met.
Continuing care retirement community	Not covered.	Not covered.	Not covered.
Adult day services	Not covered.	Not covered.	May cover up to 10 hours per day, 5 days per week. May include nursing and personal care, noon meal and snacks, transportation, and recreational activities. May not be available in all parts of the state.
Home health care	Does not pay if you only need personal care or homemaker services. Covers part-time or intermittent skilled nursing care; home health aide services (if you are receiving skilled nursing care); and some therapies ordered by a Medicare-certified home health agency.	Not covered.	Texas Medicaid may pay for limited services, usually for less than 60 days, or through waiver programs, which have limited funding and require a wait period. Financial and functional eligibility requirements must be met.

Data as of 2017. Medicare and Medigap data provided by longtermcare.gov.

Understanding Long-Term Care Insurance

Types of services

Home-based

- Home health care typically includes skilled, short-term services such as nursing, physical therapy, or other therapies ordered by a doctor for a specific condition.
- Personal care services help with basic activities such as bathing and dressing.
- Homemaker and chore services include tasks such as meal preparation and routine household chores. These are sometimes considered personal care services.

Community-based

- Adult day service programs provide health, social, and other support services in a protective setting, typically during normal business hours.
- Meal programs provide meals in group settings or delivered to your home.
- Senior centers provide a variety of social and educational services.
- Transportation services help get you to and from medical appointments, shopping centers, and other destinations.

Facility-based

- Assisted living centers provide a community setting for those who need some assistance but don't need the level of care provided by a nursing home.
- Continuing care retirement communities allow seniors to remain in the same community setting by providing accommodations

designed to meet their health and housing needs, even as these needs change over time.

- Nursing homes and skilled nursing facilities provide the greatest level of care with a full range of services.
- Adult foster care provides a place to live, meals, and 24-hour assistance.
- Board and care homes, also called residential care facilities or group homes, provide residents meals, personal care, and other assistance.

Some policies cover other services such as hospice care, respite care, in-home care following a hospital stay, home modifications, care coordination, or caregiver training for family members.

Services not covered by long-term care insurance

Long-term care policies may exclude coverage for some conditions, either completely or for a limited time.

Pre-existing conditions

An illness or disability for which you received medical advice or treatment in the six months prior to applying for long-term care coverage may be excluded for up to six months after the policy's effective date.

Mental health and nervous disorders

Coverage of some mental health and nervous disorders may be excluded, but the policy must cover Alzheimer's disease and other age-related disorders. However, a company can deny coverage to a person already suffering from Alzheimer's.

Care by family members

Most policies will not pay members of your family to take care of you, though some will pay to train family members to be caregivers.

Other exclusions

Texas long-term care policies may exclude coverage for certain conditions resulting from such things as substance abuse, commission of a felony, or intentionally self-inflicted injuries. Talk to your financial advisor or insurance agent for specifics.

How long-term care insurance works

Getting covered

Long-term care insurance companies will sell you a policy only if you meet their established health guidelines, so it makes sense to apply for coverage when you're young and healthy. You'll be required to answer questions about your health and health history.

When benefits start

Different policies may have different "benefit triggers" — conditions that must exist in order for an insurance company to pay benefits. For example, a tax-qualified policy will pay benefits only when you are unable to perform

at least two of six activities of daily living without substantial assistance for at least 90 days, or have a cognitive impairment, such as Alzheimer's. You must also have a plan of care prescribed by a licensed health-care practitioner. Non-tax qualified policies may have benefit triggers that are less restrictive.

When payments start

There is generally a waiting period before a long-term care policy begins paying for your care. This is known as the elimination period, and it begins when your benefits are triggered. You may have to pay out of pocket for long-term care services you receive during that time.

The amount of your benefits

When you buy a long-term care policy, insurance companies let you choose a daily benefit amount for care in a nursing home, usually between \$50 and \$350 per day. If a policy covers home care, the benefit is usually a portion of the cost of nursing home care.

Long-term care service costs vary by location. For information on estimated current and future costs of services, see page 16.



According to AARP, the average length of a nursing home stay is approximately 2.5 years.

The duration of your benefits

It's most common for benefits to be paid for one, two, three, or five years, or for your lifetime. The lifetime maximum amount for the policy is usually calculated based on the daily benefit and the number of years you choose for your benefit period.

Renewals and cancellations

In Texas, long-term care policies are "guaranteed renewable." This means the company is required to renew your policy each year unless you misrepresented your health status in your application, failed to pay your premiums, or exhausted your benefits.

You can cancel your policy at any time. Check your policy for how it treats "unearned" premiums — premiums you paid in advance for coverage that has not yet been provided.

Premium increases

Companies can raise the premiums on policies that don't have fixed rates, but only if they increase the premiums for everyone in your "rate class." As long as you maintain a policy and pay your premiums, the insurance company cannot single you out for a rate increase, regardless of any change in your health or the number of claims you've made.

Policy features

Inflation protection

Even a 3 percent inflation rate can cut the value of your dollar in half over 25 years. You should also assume health-care costs will rise more than the general inflation rate as the baby boomer generation ages. All long-term care insurance policies must offer a 5 percent compound annual inflation protection rider as an option.

Nonforfeiture benefit

This optional feature guarantees that you will receive specified benefits even if you cancel your policy or lose coverage. Generally, a nonforfeiture benefit will pay up to the total amount of all premiums paid or 30 times the daily nursing home benefit at the time your policy lapsed — whichever is greater. A nonforfeiture benefit can significantly increase your premiums. If you decide not to purchase this option, you must reject the offer in writing.

Waiver of premium

This feature allows you to stop paying premiums if you are in a nursing home and receiving benefits from your long-term care policy. Companies may waive the premium as soon as they make the first benefit payment or after a specified time, usually 60 to 90 days. This provision may not apply if you are receiving specified benefits such as home health care or adult day care.

Restoration of benefits

Many policies restore benefits to the original maximum amounts if you don't need long-term care services for a specified period—usually 180 days—after having received them.

Refund of premium

Some companies will offer a benefit that allows you to have some or all of your premiums refunded, minus any claims paid. The terms of this benefit may vary based on age limits, benefit amount, and other factors.

As with all features, be sure you fully understand the terms and conditions of what you're buying. It is important to talk to a long-term care specialist so you fully understand what type of policy is right for you.

Ask your current or former employer if you are eligible for group long-term care insurance, savings plan annuities, or similar long-term care benefits. Or review the Long-Term Care Checklist on page 20 with your financial planner or insurance agent to determine whether long-term care is right for you.



Raymond

Age 65

Raymond purchased a Texas Long-Term Care Partnership-qualified policy when the program launched in 2009. He knew it would be advantageous even after his lifetime coverage ran out.

Being able to keep significant financial assets if he ever needed to apply for Medicaid to cover long-term care services beyond his insurance limit was a key factor in Raymond's choice of a Texas Long-Term Care Partnership-qualified policy.

Raymond purchased a Texas Long-Term Care Partnership-qualified policy with a value of \$300,000 in benefits. Let's say he receives all of the benefit payouts up to the policy's lifetime maximum coverage (adjusted for inflation) equaling \$400,000 in value. Eventually he requires additional long-term care, but since he has run out of insurance he applies for Medicaid to cover nursing home services.

If Raymond's insurance were not a Partnership-qualified policy, he would have to spend down most of his countable financial assets, keeping only the amount allowed by Texas — \$2,000, excluding his home equity (2017 limits) — in order to qualify for Medicaid.

However, because he bought a Partnership-qualified policy, his situation would be very different.

When he applies for Medicaid and is deemed eligible, he would be able to keep up to \$402,000 in assets (the policy's lifetime value plus the state's standard allowable amount of \$2,000) and still qualify for Medicaid coverage.

"Not having to spend down most of my assets in order to get Medicaid sealed the deal for me," Raymond says. "That's a unique feature of a Texas Long-Term Care Partnership-qualified policy. And there are plenty of insurance carriers to choose from."

Texas Long-Term Care Partnership-Qualified Policies



The Partnership is a collaborative effort between private long-term care insurance providers, their authorized agents, and state government agencies including the Texas Department of Insurance and the Texas Health and Human Services Commission.

Texas Long-Term Care Partnership-qualified policies offer additional protection of your assets.

Partnership-qualified policies

Partnership policies are tax-qualified plans that also include resource and inflation protection. The resource protection benefit is useful if you need to apply for Medicaid to pay for long-term care expenses.

Dollar-for-dollar asset protection

Medicaid will disregard one dollar of your assets for every dollar of long-term care benefits your policy pays. This means you can have assets above the normal eligibility limit and still qualify for Medicaid. In addition, these assets won't be subject to Medicaid liens and recoveries after you die.

It's important to note that buying a Partnership-qualified policy does not automatically qualify you for Medicaid should you need long-term care services once your policy runs out. It does, however, allow you to keep a portion of your resources even as you are considered for Medicaid coverage. This dollar-for-dollar resource protection feature is available only with Partnership-qualified long-term care insurance policies.

Inflation protection

Long-term care services are no exception from rising prices. In fact, the cost for long-term care services may rise even faster than inflation due to the high demand for services from the baby boomer generation. Inflation protection raises your benefit amounts to pay for increases in the cost of care. Partnership policies require different levels of inflation protection based on your age.

- Age 60 and younger: The insurance company must offer you the option to buy a 5 percent compound annual inflation protection benefit. If you decline the 5 percent offer, the insurance company must offer you another form of compound inflation protection, and you must buy and keep that protection until you turn 61.
- Age 61 to 75: You must buy and keep some form of inflation protection until you turn 76.
- Age 76 and older: Companies must offer inflation protection, but you don't have to buy it or keep it.
- If both you and your spouse are purchasing long-term care insurance, a "shared-care" or "joint" policy may give you more coverage for less money.

Tax-qualification

All Partnership-qualified policies are tax-qualified. This means you may be able to deduct part of the premium from your taxes as a medical expense. In addition, the benefits you receive from a Partnership-qualified long-term care policy are generally not taxable as income.

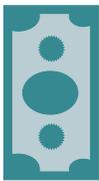
For more information on the tax implications of purchasing a Texas Long-Term Care Partnership-qualified policy, consult with a tax advisor.

State-to-state coverage

Texas Partnership policyholders who relocate to another state may be eligible to receive dollar-for-dollar resource protection, just as they would if they applied for Medicaid in Texas.

Where to buy

The Texas Department of Insurance provides a list of the insurance companies that sell Texas Long-Term Care Partnership-qualified policies. For more information, visit OwnYourFutureTexas.org and click on the "About the Partnership" tab.



The Partnership Advantage.

The dollar-for-dollar resources protection feature is available only with Partnership-qualified long-term care insurance policies.

Ask about a Texas Long-Term Care Partnership-qualified policy

When you're shopping for a long-term care policy, be sure to look for a Texas Long-Term Care Partnership-qualified policy; not all insurance agents or insurance companies sell them. All Partnership-qualified policies will be accompanied by a statement that identifies the policy as "Texas Long-Term Care Partnership-qualified." Only agents who have completed training required by the Texas Department of Insurance may sell Partnership-qualified policies.

Is Long-Term Care Insurance Right for You?

Generally, financial planners recommend that you consider long-term care insurance if you have all of the following:

- Assets valued at least \$75,000 (not including your car or home).
- Annual retirement income of at least \$25,000 to \$35,000 for an individual or \$35,000 to \$50,000 for a couple.
- Ability to pay the premiums without financial difficulty, even if the premiums increase over time.

Long-term care insurance is probably not right for you if any of the following apply:

- Your only source of retirement income is Social Security or Supplemental Security Income.
- You would have difficulty paying premiums if they increase.
- You receive health coverage through Medicaid.

Worksheet: Determining Whether Long-Term Care Insurance May Be Right for You

Consider the following factors when deciding about long-term care insurance. You may want to talk to a financial advisor or long-term care specialist as well.

Personal Considerations			
Do you have any current health conditions that may increase your likelihood for needing long-term care?	Yes	No	
Does your family have a tendency for long life expectancy?	Yes	No	
Is there a history of chronic or debilitating health conditions in your family?	Yes	No	
Is there a history of Alzheimer's or dementia in your family?	Yes	No	
Have other members of your family required assistance with daily living activities for a period of longer than three months?	Yes	No	
If you need assistance with daily living activities, will you live at home or elsewhere?	At home	Elsewhere	
Do you have a spouse, adult children, or other family members who can care for you at your home?	Yes	No	
Is living independently important to you?	Yes	No	
Is leaving an inheritance important to you?	Yes	No	
Is making your own long-term care choices important to you?	Yes	No	
Financial Considerations			
What is your annual income?	\$		
How do you expect your income to change over the next 10 years?	No change	Increase	Decrease
Who will control your finances in the event you or your spouse cannot?			
Not counting your home, how much are all of your assets worth?	Under \$30,000	\$50,000 to \$75,000	
	\$30,000 to \$50,000	Over \$75,000	
Do you have enough resources to justify the expense of a long-term care policy?	Yes	No	
How do you expect your resources to change in the next 10 years?	No change	Increase	Decrease
Are you concerned that the financial resources you need to pay for your long-term care costs may not be available when you need them?	Yes	No	
Do you want to finance your long-term care using several assets?	Yes	No	
How will you pay your long-term care insurance premiums?	Income	Savings/investments	
Will your family contribute anything toward your long-term care insurance premiums?	Yes	No	
Can you afford the policy if premiums increase, for example, by 20%?	Yes	No	
Will you be able to afford the policy if your income decreases?	Yes	No	
Are you planning to retire in the next 5 to 15 years?	Yes	No	
If so, how will retirement impact your ability to pay your premiums?	No impact	Minor impact	Major impact



Barry and Sarah

Ages 67 and 64

So far, retirement has been surprisingly fun for Sarah and Barry. But when it comes to possibly needing long-term care, they want no surprises.

Having found each other later in life, Barry and Sarah wanted to make the most of their time together. The active, retired Austin couple enjoys traveling, attending The University of Texas Longhorns events, playing tennis, and spending time with their large, blended family.

While Sarah and Barry's working lives are over, their kids are still building their careers, paying for mortgages, and saving for their own kids' college costs. The last thing the couple wanted was to have their children become responsible for long-term care expenses should either of them have an accident or illness that required extended care.

So, they got serious about exploring how to protect their financial future and that of their kids with long-term care insurance. "It's a subject most of us want to put off, but we decided we had to be realistic and not just hope nothing will happen," says Barry.

He and Sarah consulted with an insurance agent about long-term care policies. An aha moment came when the agent noted that most people

don't think twice about insuring an expensive boat but don't stop to think about protecting their family's financial assets. "We've got savings," Barry says, "but we learned the cost of long-term care could burn through our money pretty fast."

Purchasing a policy took away a big worry. "The price is reasonable considering the premium for one year is close to the amount our policy would pay out each month for personal care at home or in a nursing facility," Sarah says. "That's the kind of investment that simply makes good sense."

The Cost of Long-Term Care

Costs to consider

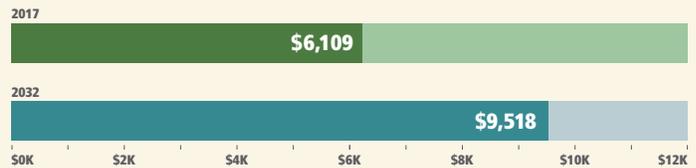
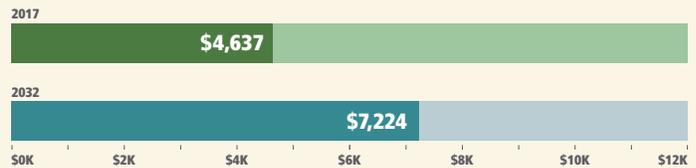
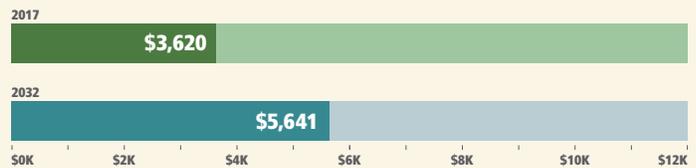
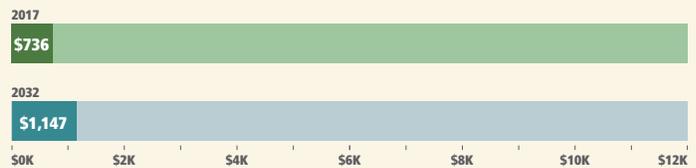
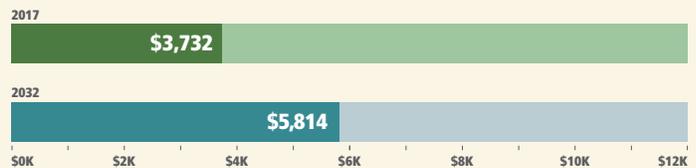
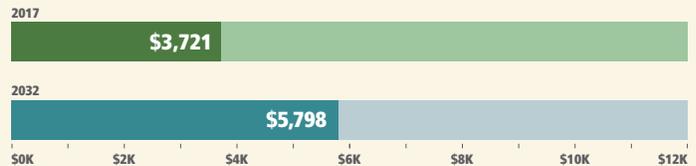
Long-term care costs have been growing faster than all other health-care costs over the last 50 years, and that trend is expected to continue. Ask about inflation protection as part of your policy.

What are the costs of various long-term care options?

Care location options.



Level of care monthly cost options. 2017 and 2032 projects figures for Texas*



Costs are based on monthly estimates.

*Long-term care costs compiled by Genworth Financial. www.genworth.com/about-us/industry-expertise/cost-of-care.html

**2015 costs provided by senior living centers and compiled by SeniorHomes.com. 2030 costs are based on average cost increases projected for long-term care. www.seniorhomes.com/p/alzheimers-care-costs

Worksheet: Paying for Long-Term Care Expenses

There are a number of ways to fund your long-term care plan, including long-term care insurance, savings plan annuities, certain life insurance policies, or home equity. Use this worksheet to help guide your planning process. This tool is for guidance only; for a complete overview that answers all of your questions, consult with a financial planning professional.

	Anticipated resources available for long-term care expenses
Personal savings	\$
Life insurance benefit	\$
Annuity contracts	\$
Home equity Stocks and bonds Social Security	\$
Other funding sources	\$
Total resources available	\$



Barbara

Age 51

Barbara has always been a planner. Many of her friends wish they shared that habit. She's been able to avoid some of life's hazards that they have not by recognizing the importance of long-term care.

Independence is as important to Barbara as good health. She's single, with no children, just like her favorite aunt, Pat. And she's used to calling the shots in both her professional and her personal life. The planner in her helps her call the right shots.



On average, women outlive men by about five years and women need long-term care twice as long as men do.

Barbara has loved being a nurse administrator. But after 25 years in nursing, she's thinking about the next phase of her career. "Advancing to the hospital's leadership would be a coup," she says.

Barbara is also thinking about what might happen if, all of a sudden, her good health turned bad. Then calling the shots could be harder. She sees that with patients regularly. And Aunt Pat's experience with long-term care after suffering a severe stroke was a huge eye-opener.

Instead of seeing her money run out like Aunt Pat's did, Barbara wanted to protect the assets she's worked so long to build. Always the planner, she consulted with her insurance agent about a long-term care insurance policy. He gave her all the information she needed about plans that fit her needs and her budget, and she chose what she felt was the best match.

"Selecting an insurance company with stability and a good reputation was an important consideration," Barbara says. "Locking in a competitive premium was also a big factor. It's an expense you don't like to think about, but it's worth it for peace of mind."

Barbara's friends, all around the same age, have started to follow her lead in planning for long-term care. Losing everything is surely one hazard they want to avoid.

Paying for Long-Term Care: What Are Your Options?

Now that you've thought about your long-term care options and how much your care may cost, you can assess how to best plan for those expenses. Your options may include paying out of pocket; buying long-term care insurance; or using your home equity, life insurance, or annuity contracts. Your plan will depend on your age, health considerations, and priorities, and a financial planner or insurance agent who specializes in long-term care can help you decide what works best for you. Although long-term care insurance may seem like a big investment now, its benefits can far outweigh its cost. The key is to start planning now so you can better control your future care.

Personal income and savings. You may be able to pay for your long-term care services out of pocket. However, this could divert resources from covering other expenses, such as your spouse's living arrangements. Consider, too, that at the time you need long-term care, you may not have a source of income other than your savings.

Long-term care insurance. Long-term care insurance policies can be customized so you can get the services you need in the settings that suit you best. You can also purchase a Texas Long-Term Care Partnership-qualified policy that provides benefits, features, and consumer protections. For more information on Partnership policies, please see page 11.

Home equity. By the time you need long-term care, you may have significantly reduced or paid off your home mortgage, or your home value may have appreciated. If so, you have several ways you can use that equity to pay for long-term care. Options to consider include:

- selling your home
- sale-leaseback
- reverse mortgage
- conventional home equity loan
- home equity conversions
- reverse annuity mortgage
- home modification loans

Life insurance. You may be able to use your life insurance policy to help pay for long-term care. Talk to your agent about policies with accelerated death benefits or a long-term care rider.

Annuity contracts. Some annuity contracts allow you to withdraw money without a penalty to pay for long-term care services. If you have an annuity, you may want to see if your contract includes this option or a long-term care rider.

Long-Term Care Checklist

What to discuss with your financial planner and/or insurance agent

Here is a list of topics to cover with a financial planner and/or insurance agent as part of your long-term care planning. If you're considering long-term care insurance, be sure to ask about Texas Long-Term Care (LTC) Partnership-qualified coverage. These policies provide dollar-for-dollar resources protection not available with other long-term care policies. Partnership-qualified policies can be sold only by licensed agents who have completed training required by the Texas Department of Insurance.

Questions for a Financial Planner

- Considering my age and health, how much long-term care am I likely to need? How much is it likely to cost?

- How can my savings and assets contribute to my long-term care plan?

- Can my life insurance or annuity be used to fund long-term care services?

- What financial and legal documents are needed to complete my plan?

- Based on projected costs, is long-term care insurance or an LTC Partnership-qualified policy a good way to cover my spouse and me? How would long-term care insurance affect my overall financial plan?

Questions for an Insurance Agent

- Do I qualify for long-term care insurance or an LTC Partnership-qualified policy?

- What is the difference between a Partnership-qualified policy and a non-Partnership-qualified policy? Which one best suits my needs?

- How could long-term care insurance or an LTC Partnership-qualified policy supplement my existing insurance coverage?

- Are you licensed and have you completed the state's required training to sell Partnership-qualified long-term care policies?

- What is the cost of long-term care insurance or an LTC Partnership-qualified policy?

- What services are covered?

- What is an elimination period?

Within 30 Days of Purchase

- What would my premium be? Is it a fixed-rate premium? If it's not a fixed-rate, what kind of rate increase can I expect?

- I have 30 days to review my long-term care policy to see if it has the right benefits and features I want, correct?

- If I cancel the policy before the end of the 30-day review period, will I get a full refund of any premium I paid?



Paul

Age 34

Paul and his young family live in Portland, far from his mom and dad in Fort Worth — too far for him to travel home frequently if his parents needed help with daily care.

Both of Paul’s parents had been primary caregivers for their aging parents, and they knew the strain it puts on family. But they put off thinking about their own long-term care plans until Paul was home for Thanksgiving a few years ago.



Along with addressing issues you may have later in life, long-term care insurance can provide another benefit: peace of mind for you and your family.

Paul was the one who brought up the issue of long-term care planning with his mom and dad during his visit home.

“We all acknowledged that they couldn’t rely on family because we live too far away,” Paul says. “But even if we were closer, they understood the ripple effect of stress created by caring for someone with a long-term condition, not to mention the costs. They didn’t want to put that load on us.”

Paul’s parents were relieved to have settled what could be a sensitive issue, and after a thorough discussion with their insurance agent, they bought a long-term care insurance policy. Paul thought it would be a long time before either of them might need to use it. However, peace of mind came immediately. As it turned out, Paul’s father was only 63 when he was diagnosed with a serious neurological disorder.

“Recently Dad got to the point that Mom would have had to quit her job and stay home with him,” says Paul. “So, he started drawing on his long-term care benefits. With the professional services he’s getting, he may well be able to get around on his own at some point.”

The situation is reassuring to the entire family. “He has choices,” Paul says. “The fact that Dad’s not being driven by what he and Mom can’t afford is huge. It makes a big difference to him, and to all of us.”

Creating Your Comprehensive Long-Term Care Plan

To create a long-term care plan that's comprehensive, consider the following:

Personal planning

Maintain your health.

Regular checkups and screenings along with healthy eating, physical activity, mental stimulation, and other care are important in maintaining health and independence.

Talk with your family about caregiving.

It's estimated that individuals turning 65 today could need up to three years of long-term care services, with almost two years of that care provided at home. Do you have family and/or friends who can care for you if you become ill or disabled for an extended period?

Get familiar with local resources.

The time to learn about long-term care services and resources in your area is well before you may need them. Visit local facilities and talk to them about their services and costs so you can know your options ahead of time. For a list of helpful resources, see page 25.

Financial planning

Review your current coverage.

To confirm what your current policies cover, talk to your insurance advisor or employer's benefits counselor.

Decide if you can — or want — to pay out of pocket for long-term care.

If you were to opt out of buying long-term care insurance, consider the financial resources you have and how you feel about using them to pay for long-term care. These could include income sources such as Social Security, pension, interest, dividends from investments, or payments from a 401(k) or IRA as well as savings, stocks and bonds, and assets such as your home.

Look for other resources that may cover your long-term care expenses.

Consider all your financing options, including long-term care insurance. Review these options carefully to make sure you understand all the details, eligibility requirements, and costs.

Housing

Consider whether you'd live in your current home or elsewhere.

If you're like most people, you plan to stay in your own home for as long as possible. Some important things to consider include the condition of your home and how much it will cost to maintain, how accessible your home would be if you become less independent, the cost of modifications if you need them, and the availability of long-term care support services in the area.

If you decide to move, look for design and accessibility features that can accommodate being less independent. Consider a single-level house, accessible condominium or apartment, or a retirement community that provides support services such as transportation and housekeeping. Before you decide to move, also consider your home's value, how much equity you have, the potential advantages of buying versus renting, the related tax and legal issues, and whether yours will be a short- or long-term move.

Advance care and legal planning

□ Make a plan of advance care.

Decide what types of care you want to receive in an emergency or when facing end-of-life situations. You should consider your options while you have time to think through them clearly, and then discuss your preferences with your family and those close to you. Making your wishes clear ahead of time decreases the chance of future conflicts and takes the decision-making burden off your family. Your plan should reflect your personal values and beliefs, and be adaptable if circumstances change.

Assemble legal documents

In general, you'll need two types of legal documents. A medical power of attorney appoints a specific person to make health-care decisions for you at any time you're unable to do so for yourself. In the event you become unable to speak for yourself, a living will provides written instructions for your care, including the extent to which you wish to receive life-sustaining medical treatments.

Worksheet: Comparing Long-Term Care Insurance Policies

If you decide long-term care insurance is right for you, use this worksheet to compare policies. Make sure you buy from a reliable company that is licensed by the Texas Department of Insurance to sell long-term care insurance. For a list of companies offering Partnership-qualified policies, visit tdi.texas.gov/consumer/hicap/partnershipcomp.html.

	Policy 1	Policy 2	Policy 3			
Company Information						
Company name						
Telephone number						
Financial rating						
Consumer complaint index						
Company licensed in Texas (yes or no)						
Number of years in business						
Policy form number						
Number of years selling policy form						
Premium Amounts						
Premium without riders and discounts	\$	\$	\$			
Premium with home health care	\$	\$	\$			
Premium with inflation protection	\$	\$	\$			
Premium with nonforfeiture benefit	\$	\$	\$			
Premium for optional rider						
Discounts you qualify for	%	%	%			
Premium with riders and discounts	\$	\$	\$			
Benefits the Policy Provides						
Years of coverage provided						
Total lifetime benefit						
Pre-existing condition wait period (yes or no)						
Benefits adjusted for inflation protection (yes or no)						
Tax-qualified policy (yes or no)						
Services the Policy Provides						
Nursing home care (yes or no)						
Assisted living facility care (yes or no)						
Home health care (yes or no)						
Daily and Monthly Policy Limits	Daily	Monthly	Daily	Monthly	Daily	Monthly
Nursing home care	\$	\$	\$	\$	\$	\$
Assisted living facility care	\$	\$	\$	\$	\$	\$
Home health care/adult day care	\$	\$	\$	\$	\$	\$
Elimination Periods (list number of days for each)						
Nursing home care						
Home health care						

For More Information and Assistance

Visit OwnYourFutureTexas.org to find additional information and links to these resources.

Long-term care information

National Clearinghouse for Long-Term Care Information
longtermcare.gov
202-619-0724

AARP

1-888-OUR-AARP (1-888-687-2277)

aarp.org

Texas Medicaid program information

Texas Health and Human Services Commission
hhs.texas.gov
Dial 2-1-1

Medicare information

medicare.gov
1-800-Medicare (1-800-633-4227)

Services for those who are aging or have a disability, and their caregivers

Local Area Agencies on Aging (AAA)

dads.state.tx.us/contact/aaa.cfm
1-800-252-9240

Administration on Aging

usa.gov/federal-agencies/administration-on-aging
202-619-0724

Eldercare Locator

eldercare.gov
1-800-677-1116

Family Caregiver Alliance

caregiver.org
1-800-445-8106

Long-term care for federal employees and annuitants

The Federal Long Term Care Insurance Program
lfcfeds.com

Legal rights and consumer protection information

Consumer Rights and Services Hotline
1-800-458-9858

Texas Department of Insurance

www.tdi.state.tx.us
1-800-252-3439

Texas Legal Services Center

tlsc.org
1-800-622-2520

Citations include:

longtermcare.gov; AARP; American Association for Long-Term Care Insurance; and TDI.



