

Is long-term care insurance worth it?

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Dear Savvy Senior, My husband and I have been thinking about getting a long-term care insurance policy, but we hate the idea of paying expensive monthly premiums for a policy we may never use. Is long-term care insurance worth it? — Approaching Retirement



Dear Approaching, There are two key factors you need to consider that can help you determine if purchasing a long-term care (LTC) insurance policy is a smart decision for you and your husband. First is your financial situation and second is your health history. Currently, around 7.5 million Americans own a policy.

As the cost of LTC — which includes nursing home, assisted living and in-home care — continues to rise, it's important to know that most pay for LTC either from personal savings or Medicaid when their savings is depleted, or through an LTC insurance policy.

National median average costs for nursing home care today is more than \$100,000 a year, according to the Genworth Cost of Care survey. Assisted living facilities and home care aides average more than \$65,000 a year.

While statistics show that about 70% of Americans 65 and older will need some kind of LTC, the fact is, many don't need to purchase LTC insurance. There are a variety of reasons why, including the fact that relatively few have enough wealth to protect to make purchasing a policy worthwhile.

After evaluating your situation, if you're leaning toward buying a LTC policy, be aware that premiums can vary widely. According to the American Association for Long-Term Care Insurance, premiums for a policy bought by a couple who are both age 65 for a benefit pool of \$165,000 each, with a 3% inflation rider, ranged from \$7,137 to \$8,493 a year. **Note**

You can buy LTC insurance from an insurance company or through an agent. Or you might also be able to buy a policy at work. Be sure to get quotes from several sources for the same coverage to compare prices.

There are two main types of longterm care coverage you'll want to consider. Traditional LTC insurance, which is "use it or lose it." And hybrid policies that combine LTC coverage with life-insurance benefits. These policies promise that if you don't end up needing long-term care, your beneficiaries will receive a death benefit.

Send your questions or comments to questions@savvysenior.org, or to Savvy Senior, P.O. Box 5443, Norman, OK 73070.