



Who Meets the Cost for Long-Term Care

As baby boomers age, the issues of long-term care will gain in importance. Already, the average, estimated annual cost for a year of long-term care ranges between \$44,000.00 and \$51,000.00, but in cases needing the maximum care, the cost can go much higher. With expenses like that, it wouldn't take long to devastate even a substantial nest egg. Many family members try to deliver long-term care themselves. The National Family Caregivers Association sheds light on how difficult that task can become. It says:

- Nearly one in four U.S. households is involved in caring for someone 50 or older.
- 80% of family caregivers are women.
- Market value of care services provided by family members is nearly 200 million a year.
- 80% of all long-term care is provided outside nursing homes.

The long-term care campaign noted that the average American woman may spend about 17 years caring for a child, but 18 years caring for an elderly parent. Caring for loved ones can have a discernible impact on the workplace, again, according to the National Family Caregivers Association.

- 64% of family caregivers work outside the home.
- 29% have cut their work hours or changed their schedule to accommodate family obligations.
- 29.5% decline extra projects, promotions and business trips.

Providing extended care for someone can have a significant impact on the health of the caregiver. The national Family Caregiver Association also says:

- Nearly 50% of family caregivers say they've suffered from prolonged depression.
- 69% say their most commonly felt emotion is frustration.
- 65% say family or friends don't help.
- More people enter nursing homes due to caregiver burnout than because their own physical condition has worsened.

It's clear, families should take the pending likelihood of a need for long-term care seriously. But understanding the need and knowing how to pay for it are distinctly different things. Let's look at some long-term care funding options.

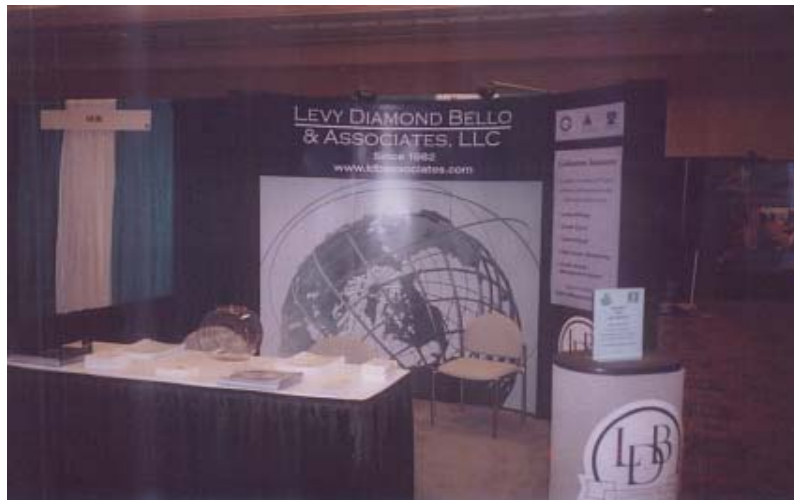
More and more adult children are beginning to invest in long-term care insurance for their aging parents. In many cases siblings are banding together to share the costs of premiums. Many people have started long-term care insurance policies for themselves, but the number with coverage is dwarfed by the projected demand in the next several decades.

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Many Americans still expect Medicaid to cover the cost of long-term care, not realizing that Medicaid does not kick in until the client's other assets are depleted. It is insurance for the poor. Medicaid pays about half the nursing home costs in this country, but those recipients have already spent down all their savings. Given the choice, few people would opt to become destitute in order to collect on Medicaid.

On top of that, as Americans live longer, the likelihood of their eventually needing long-term care increases. Without it, a declining quality of life could make those extra years difficult. But how does long-term care insurance work, and how expensive is it? LTC insurance is based on several variables including:

- Age of the insured
- Past healthy history
- Amount and duration of coverage.

When buying a policy, you can choose for one, two, three years or more. Of course, the more years of coverage you require, the higher your premiums will be.

The Federal Government now provides some tax relief to help offset the cost of long-term care. Federal law says a portion of the money you spend for long-term care services and long-term care insurance premiums counts as itemized medical expenses on your tax return. The maximum amount, indexed for inflation, is based upon your age. The older you are, the higher your maximum deduction. Since, in a given year, you are only allowed to deduct total medical costs in excess of 7.5 percent of your adjusted gross income, those long-term care bills could help push you over the threshold to tax relief.

For a large number of us, long-term care will be a part of our future. So, whether you're concerned about yourself or a family member, do yourself a favor and talk to your Financial or Insurance Advisor about long-term care insurance. Having the facts now will help you make an informed decision about this vital issue when you are faced with this challenge.

Article courtesy of Joseph Uradnik, J.D. Vice President- Investments / Complex Manager Advest.

Up and Coming Events

AMCEA (Advertising Media Credit Executives Association) Annual Conference, October 6-9, 2002 - Levy Diamond Bello and Associates will be attending the AMCEA Annual Conference. This year's conference will be held at the following location:

Wyndham Harbour Island Hotel
725 South Harbour Island Blvd.
Tampa FL 33602
<http://www.wyndham.com>
1.800.WYNDHAM

Those interested can obtain more information from the AMCEA website: <http://www.amcea.org/confnews.htm>