





L. NICHOLAS  
HOGAN

*LTCP, LUTCF, is president of Insurance Advisors, Inc., a national marketing organization that specializes in helping brokers become successful in multilife LTC insurance.*

*Hogan has more than 30 years of experience in insurance, marketing and management. He has been a career agent and manager with Mass Mutual and regional vice president for Meridian Insurance. He received a BS degree in communications from Xavier University and an MS from Ohio State University. He has authored and teaches continuing education courses from basic to advanced concepts of LTC insurance. Hogan was the technical advisor to Ronald Iverson for his publication "Long Term Care Insurance Handbook for Accountants and Attorneys."*

*Hogan can be reached at Insurance Advisors, 348 Granville Street, Gahanna, OH 43230. Telephone: 800-471-7191. Email: [nick@ialtc.com](mailto:nick@ialtc.com). Website: [www.ialtc.com](http://www.ialtc.com).*

# Top 10 Reasons To Own LTC Insurance Today

The most frequently asked question when one is considering the purchase of long term care insurance is "What happens if I buy this and never use it?" Most experienced brokers respond "Good for you! We should all be so lucky!"

**LTC insurance is no different from purchasing fire insurance.** People hope they never use it, but it is there to make them whole just in case they do. What is missing in this dialogue between client and advisor is a discussion of the immediate benefits derived from the purchase of long term care insurance.

Why is it that once someone purchases LTC insurance, no one can pry it out of their hands? Long term care insurance has the lowest lapse rate of any insurance product. I can guarantee you that a persistency rate approaching 99 percent has absolutely nothing to do with the sales ability of the broker involved. The current average purchase age is down to 57; the success of multilife LTC insurance will push this age into the forties.

Although we know a claim can occur at any age, most claims occur around age 83. The age at which a probable claim could occur is too far over the horizon to account for the immediate reaction we consistently observe from our broker's clients shortly after the policy has been delivered. They express comfort, security and serenity in owning LTC insurance. These feelings last a lifetime, which accounts for the low lapse rate

When analyzing these phenomena, one

has to come to the conclusion that there are immediate, real, perceivable and lasting benefits for those who purchase LTC insurance. Our experience reveals these positive feelings are present regardless of whether or not benefits are ever received.

**Following is a list of the top 10 benefits a broker can share with a prospective client.** These benefits exist on the first day of policy ownership. My comments follow each benefit.

**1. When you own LTC insurance, you will have the comfort of knowing you and/or your spouse will never be a burden on family or friends.** Advances in medicine have created longevity issues we never dreamt of, e.g., 70-year-old "children" dealing with 90-year-old parents. Since comprehensive LTC insurance didn't come about until 1986, many of our parents had no opportunity to purchase it.

Dealing with our own parents' long term care situations, we know caregiving is not an easy job. In my family, Mom was in her seventies before LTC insurance, as we know it today, was even "invented." My brother, sister and I cared for Mother for seven years at home and then had to deal with four years of assisted living and three years of nursing home care. My sister had the greatest challenge because she lived in the same city as Mom, and most of the caregiving responsibility fell on her.

Many boomers have similar stories; it is because of this collective experience that we do not want to impose the same kind of hardship on family and friends. It is very

comforting knowing “today” that by owning LTC insurance we never will.

**2. When you own LTC insurance you will never worry about impoverishing your spouse should you require long term care.** This is one benefit most clients don’t realize until it is pointed out to them by their broker. Quite simply, the facts under the current Medicaid Spousal Impoverishment Rules are that a couple’s money is required to be spent to take care of someone needing long term care until the “community spouse” (healthy partner) is down to a little over \$100,000. With a 401(k), IRA, savings and investments, many couples have well over this amount when they begin retirement. Twenty to thirty years from now, a typical three to five year claim could cost well over \$1 million. What once was a bright future for a couple planning to retire and enjoy life can be decimated by long term care. Spouses owe it to each other not to destroy their retirement should one become disabled.

**3. When you own LTC insurance, you will have the security of knowing you will be free to really enjoy your retirement because your retirement assets are protected.** You will never have to *wall off assets just in case*.

Another name for LTC insurance is a “retirement enjoyment policy.” If you’ve ever been close to people in their seventies and eighties, they consistently make the conscious decision that certain retirement assets they have will not be touched because one of them might have a long term care event. People with an LTC insurance policy do not have this concern. They can truly follow the prescription they proudly placed on the bumper of their motor home proclaiming that they are “spending our children’s inheritance.”

The comfort of knowing they do not have to cut back on trips to visit the grandchildren, bypass the opportunity to take that trip to New Zealand or buy a matching set of snowmobiles is all made possible because they own LTC insurance. People who reach their eighties would gladly pay that “small” premium they passed up in

their sixties for an LTC insurance policy that would restore the freedom to truly enjoy their retirement.

**4. When you own LTC insurance, you will have the joy of knowing you will never put your children in a position of having to choose between the high cost of long term care for one parent and protecting the assets of the healthy parent.** Adult children have a natural tendency to help and assist their parents, but what do they do when assisting one parent harms the other?

In benefit two, above, a long term care event can impoverish the healthy parent. Balancing the cost of care for one parent while protecting the assets of the other can be an impossible task. The beautiful part about owning LTC insurance is that the children will never be put in this position.

The last place any of us want to be is in a nursing home. With this in mind, think of the following scenario that is quite common: Let’s say Dad has health issues which could be taken care of at home but require 16 hours a day of professional home health care services. This type of care will be about double the cost of putting dad in a nursing home.

What are his children—now in their fifties or sixties—going to recommend to Mom? Are they going to counsel Mom to pay double the amount to keep Dad at home, where he wants to be, or pay half the amount and protect herself from Dad’s expenses?

Owning LTC insurance pays the higher cost of home health care, allows Dad to stay at home where he wants to be, and protects Mom’s assets at the same time.

**5. When you own LTC insurance, you will be in the private pay category, entitling you to your choice of private pay care, should you need it.** The two most beautiful words in the English language when it comes to long term care are *private pay*. In short, private pay means never being put in a position to settle for second best.

Owning LTC insurance insures that the relationship with loved ones will be maintained and they will never have to

feed, dress or bathe you—which can totally change your relationship with them. People are much more comfortable with a professionally trained individual providing help and support.

There is an acute shortage of caregivers in the United States. A private pay customer is empowered to hire and fire, making sure caregivers are competent, friendly and concerned about care. If facility care is needed, private pay gives the freedom to leave and choose another atmosphere if you wish. *Private pay equals power of choice.*

**6. If you own LTC insurance, you will not ruin your spouse’s health by making him your primary caregiver.** The second toughest job in the world is being a caregiver; *the toughest job is being an unpaid caregiver.* My nephew had multiple sclerosis and was confined to a wheelchair until his death at age 21. As I watched my brother and sister-in-law take care of Johnny, I had to admire the love, exhausting work and time they took in caring for him. Parents will do that; spouses will, too, but they do not have to if there is LTC insurance. It only makes sense to have professionals do the heavy lifting.

As was reported in the March 2000 issue of *Journal of Financial Service Professionals*, “Almost 75 percent in the study indicated their caregiving responsibilities had adversely impacted their health.” Caregiving is physically demanding; lifting and moving one from a chair to a bed is hard work, especially if the caregiver is older or smaller than the spouse.

Caregiving is not only physically demanding, it is mentally and emotionally draining as well. One can feel trapped, no longer being able to live their own life because they are on constant call. Is there any wonder why a respite care provision is so treasured by those who own LTC insurance?

**7. If you own LTC insurance, you will substantially increase your ability to stay at home, surrounded by loved ones and friends.**

Margie Barrie, LTCP, one of our strategic partners and author of *Fifty Ways to Boost*

*Your Long Term Care Insurance Sales*, has coined the phrase that an LTC insurance policy is really a *nursing home avoidance policy*. Owning LTC insurance with a strong home health provision allows your home services to be maximized, thus keeping you in a private residence much longer than would be possible otherwise.

An additional benefit of home care services is that friends and relatives will want to come and share their companionship for more than the one hour, which is all that most people can endure being in a facility setting. None of us wants to go to a facility; a good LTC insurance policy extends our ability to stay in our homes.

**8. If you own LTC insurance, you can rest assured that all your current hard work, planning, investing and saving will not be obliterated.**

Over the past three decades, corporate America has transferred the planning and the risk of retirement investing to employees by eliminating defined benefit pension plans and establishing defined contribution plans such as 401(k) and 403(b) accounts. Boomers consistently work quite hard at managing their retirement accounts, spending hours analyzing companies, reviewing choices and working with financial planners. A long term care event down the line may cost well over a million dollars.

Smart investors plan for this event by buying LTC insurance. Not planning for this risk is like trying to construct a home without a foundation. No one wants to see

everything they have built destroyed.

**9. If you own LTC insurance, you know your children will never have to choose between your care and their inheritance (which often includes the education of your grandchildren).**

An estate planning attorney we work with told me the following story. A client with net assets well over \$100 million asked him to review his insurance policies. One of the policies was LTC insurance. Thinking to himself that he was about to give some of the best advice of his legal career, he suggested his client cancel his LTC insurance "because he had plenty of assets to cover any event that could occur."

The elder client who raised thoroughbred horses and took risks his entire life took the attorney by the hand and simply said, "No, that policy I am keeping because if the time comes that I need help, I want my children thinking about my care and not their inheritance."

**10. If you own LTC insurance, you will never be forced to get rid of your beloved pet; they will always be with you—right by your side.**

A pet is so much more than an animal—they are companions that are always glad to see you, no matter how late you come home. Their therapeutic abilities are numerous; science has shown that petting a dog or cat, watching fish in an aquarium or listening to a parakeet reduces stress and lowers blood pressure. One might say that pets are akin to personal trainers or aerobic instructors. After all, they make their own-

ers get out of bed in the morning to go for walks and feed them.

We had two dogs, both Lhasa Apsos, and no matter what we did they could not get along. The only option we had was to find a home for one of them. A friend's mother—Helen—had just lost her dog of 15 years and agreed to take in Shyla (her name implies her personality, shy as could be). For Helen, a lady in her seventies with advanced rheumatoid arthritis, Shyla was perfect. The dog would never sit on Helen's lap, somehow knowing it hurt, but she would sit next to her for hours. Helen exercised her fingers by gently petting Shyla; the two were inseparable. Helen had Shyla for seven years until her condition worsened and she had to move to an assisted living facility. Not owning LTC insurance and needing to conserve her funds, she had to choose a facility that did not allow pets. She placed Shyla with her daughter who lives 125 miles away. Helen and Shyla did not want to be separated, but without LTC insurance or unlimited assets, they had no choice.

**These are our "Top 10."** We have identified many more reasons for owning LTC insurance today. They are immediate and lasting benefits. All give your client freedoms they will not experience if they choose to bypass the opportunity to buy LTC insurance.

With DRA-2005 and the partnership plans, everyone with even a modest amount of assets can benefit from and afford to own LTC insurance. Good luck in spreading the word. 📍