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LONG-TERM CARE PLANS VALUABLE FOR SMALL-FIRM ATTORNEYS

Long-term care plans valuable for small-firm attorneys

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Long-term care can cost up to \$78,000 a year for nursing home care and \$70,000 a year for home health care services. And the cost of that care is rarely covered by Medicare or Medi-gap plans.

Debra C. Newman, founder of Newman Longterm Care in Richfield, Minn., one of the largest long-term care marketing organizations in the country, said many people mistakenly assume that long-term care is a euphemism for moving into a nursing home.

"That's one of the difficulties most people have," she said. "They think long-term care is about going into the nursing home."

The reality, she said, is that 42 percent of long-term insurance claims are for care received at home; 28 percent are for care in an assisted living facility and only 30 percent are for nursing home care.

Newman, who is also secretary for the LIFE Foundation, an Arlington, Va., life and health insurance industry nonprofit, recently discussed the importance of long-term care and how solo and small-firm lawyers can purchase affordable coverage before retirement.

Q: What should you look for in long-term care insurance?

A: It should pay the same benefits no matter where you receive care. That includes your home, an assisted living facility or a nursing home.

Q: Can you give examples of what the insurance might cover for home care?

A: One of the features of a long-term policy is a care coordinator benefit. You may hire a care coordinator who will assess your situation, write a plan of care, help you find licensed health care professionals and guide your family through the process.

Home care usually has to be with someone who is licensed. Most [plans] require it be done through an agency. Particularly with Alzheimer's, you may not need a nurse; you may need a licensed home health aide.

Q: What features should one consider in a long-term care insurance package?

A: There are four decisions you have to make: the maximum benefit, the monthly benefit, inflation protection and the waiting period.

[Plans] are based on a maximum benefit. For example, you may elect to purchase a plan for \$100,000 or \$250,000 in care. This is often calculated by a period of time, such as five years.

Then, pick the monthly benefit. This is the amount that the carrier will pay out for care received in a one-month period, such as \$7,000.

After that, you should consider inflation protection. This ... helps your plan stay current with on-going inflation rates.

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And last, you choose the waiting period, also known as the elimination period or deductible. This is equivalent to a period of time. For example, if you choose a 90-day waiting period, as the policyholder you will cover the first 90 days of care yourself.

Q: How much does it cost?

A: It depends on your age, health and those four decisions you made. The sooner you buy, the younger you are, [the] cheaper [it is]. If you're married or in a committed relationship, there are pretty significant "couple discounts" if both people buy [insurance].

Q: What are some discounts/deductions people should be aware of?

A: Ask if your state participates in the Long Term Care Partnership Program. Medicaid ... says you cannot intentionally impoverish yourself by transferring all your assets. But the Partnership Program says if you own a long-term care policy that pays out about \$500,000, and then you need long-term care, we will allow you to set aside an amount equal to what that policy paid out and still qualify for Medicaid.

That was passed as part of the Deficit Reduction Act of 2005, which was signed in 2006. Probably up to 30 plus states participate.

Q: Any others?

A: If you are an employer - for example, a solo - you can provide long-term care insurance for your employees, and it is deductible. Employees receive the long-term care insurance policy benefits income-tax-free.

Q: What are accelerated premium options?

A: With a premium acceleration option, you can pay [your premiums over]10 years. So say you're now 53, instead of paying a lifetime premium you can prepay it in 10 years and have it paid up when you retire. It's a good planning tool for folks who own their own businesses.

Questions or comments can be directed to the writer at: nora.tooher@lawyersusaonline.com



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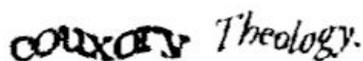
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