You Can't Count On Government for LTC

One of the biggest reasons people don't create long-term care plans is because they believe the government will somehow pay for their care expenses. In reality, there is no comprehensive public coverage for long-term care. Medicare pays only for short term, skilled nursing home care after hospitalization and state Medicaid programs require recipients to spend down to the poverty level in order to qualify for assistance.

Since most Americans cannot afford to pay for care out of pocket, it's crucial for financial professionals to remind clients that long-term care insurance plays a key role in sound retirement planning. And with the recent failure of the government LTCI plan, or CLASS Act, the spotlight is now back on private long-term care insurance as being the only viable product available to help solve the long-term care needs of an aging nation, says Deb Newman, founder and president of Newman Long Term Care.

"This is an opportunity for you to remind your individual and business clients that while the government plan is no longer an option, that in trying to create CLASS, they were looking to solve a problem that will affect the majority of Americans in the very near future," Newman said.

Realizing that Medicare and Medicaid will not provide LTC protection, the state and federal governments have long offered incentives for people with the foresight to plan for their own LTC needs. Whether it's offering tax deductions for premiums or giving state tax incentives to Medicaid asset protection via the LTC Partnership programs, the government has shown time and time again that it wants Americans to plan ahead for their future care.

Newman added that the elimination of the CLASS Act has also put more pressure on businesses to offer quality long-term care benefits to their employees.

"When CLASS was still a possibility, worksites and businesses had more options when it came to LTCI. These businesses now only have two real choices—offer private long-term care insurance or do nothing," Newman said.

Solving LTC needs one business at a time

More and more businesses today are choosing the first option and investing in LTCI. In fact, one of the fastest growing areas in LTCI is the multi-life or worksite market. Due to its rapid growth, Newman has dedicated staff and resources to work this market exclusively. Multi-Life Specialist Paul Daugs works closely with brokers and businesses to solve their long-term care needs. His expertise lies in knowing the details of each carrier's products and understanding their sweet-spots, which helps find the best solution for clients.

Many businesses, including medical clinics, are using LTCI ben-

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efits to attract and keep qualified professionals thanks to selectability features, according to Daugs. Selectability refers to LTCI's HIPPA accepted benefit status that allows a company to choose who they want to offer LTCI to as a benefit.

"This creates a huge opportunity for companies to reward their top talent with a benefit that they are not required by law to provide to all employees," Daugs said. "Essentially, this means you can pick and choose who you will offer LTCI to and at what benefit level you will offer them."

Since long-term care insurance can be offered as an employer-paid benefit, a voluntary employee paid benefit or a combination of both, companies can use LTCI benefits as an effective retention tool without paying a dime for it themselves. Using annual bonuses to fund premiums on a voluntary basis is a popular method with many businesses and clinics. With multi-life programs, LTCI can be a win-win for both employers and employees. Under certain Internal Revenue Codes, there are tax perks for businesses that buy LTCI. Premiums for tax-qualified policies paid for employees, their dependents, spouses and retirees are 100 percent deductible as a business expense for C-corporations. Additionally, employees receive benefits from the policy tax-free. Spouses and qualified family members are also eligible for coverage and discounts under multi-life programs, which can add up to premium savings of as much as 45 percent.

"This is the only benefit I know of where the employer can deduct the cost and the employees receive both the premiums and the benefits on claim tax-free," Daugs said. "In other words, this is the most tax-advantaged benefit on the market today."

When it comes to working with businesses and agents on multi-life programs, Newman makes the process simple. First, a multi-life specialist will sit down with the employer and the agent for an initial meeting about LTCI. Next, the employer and specialist will discuss the company's specific needs and wants in a multi-life program. Lastly, the specialist will develop a long-term care proposal for the employer based on the previous meetings and ask for a commitment to move forward with the plan.

If you are someone your clients depend on for their retirement needs, Newman Long Term Care is a resource you can count on to help you design LTCI solutions for individuals or business clients. To learn more about teaming with Newman Long Term Care, call 612-454-4400 or visit www.NewmanLTC.com for more information. ■

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focuses on group business as well as agent training and continuing education. Vern Senger concentrates on the agency's extensive bank-related businesses. Mary Thiebault works directly with agents from underwriting to policy issue. Susanne Harzell oversees the user friendly website. Another attraction—in addition to the agency's people and service—is its line-up of companies. The stable of name brand carriers includes Prudential, Allianz, and United of Omaha (a Mutual of Omaha company.) Moreover, Greenhaven is one of only a half dozen agencies in Minnesota that has been selected as a Blue Partner for Minnesota Blue Cross-Blue Shield. "We are very proud of our relationships with our companies," Dock says, "because it enables us to provide top quality coverage to our agents and their clients." **Contact Jerry Dock: wildcard@greenhavenmarketing.com or 763-421-1193.** ■