
STUDY SHOWS SHORTER DURATION LONG-TERM CARE POLICIES ARE ADEQUATE TO MEET MOST PEOPLE'S NEEDS

When asked why they haven't purchased long-term care insurance, most people answer that the coverage is simply too expensive. However, that excuse may be eliminated thanks to a national study conducted by Milliman, a leading independent national long-term care insurance actuarial firm.

The researchers examined claims data from approximately 1.6 million policies currently in-force. Their goal was to determine what percentage of long-term care insurance claimants with shorter duration policies actually exhausted all of their policy benefits. What they discovered is that only 14.4 percent of closed long-term care insurance claims lasted longer than 24 months. The study further revealed that approximately 33.2 percent of open claims last longer than 24 months, only 5.6 percent of closed claims lasted longer than 36 months, and only 16.2 percent of open claims last longer than 36 months. The study concluded that for a three-year benefit period, only 8 out of every 100 claimants exhausted their benefits.

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Of course, there are catastrophic situations where individuals may need long-term care for many years. However, according to the study's findings, the majority of consumers can receive adequate long-term care insurance protection with a shorter-duration policy. This is an important discovery, especially for those who believe unlimited protection is too expensive. The researchers added that some protection is better than none at all, and a shorter-duration policy is clearly more affordable. A consumer can reduce the cost of long-term insurance protection by 35 to 40 percent

by purchasing a three-year benefit versus an unlimited benefit.

“If you're trying to save money, shorten the benefit period rather than extending the waiting period”

In an April 2006 article entitled Six Steps To Buying A Long-Term Care Policy, which was published on www.kiplinger.com, author Kimberly Lankford writes, “Increasing your benefit period from three years to lifetime could double your annual premium, so you should weigh the odds that you'll need long-lasting care versus the extra price you'll pay for coverage. The average nursing home stay is less than three years, but this includes people who are in a nursing home for just a few weeks after a hospital stay and others who are in the nursing home for a decade or more. And these statistics do not include the home health care, assisted-living facility care and informal (unpaid) care received elsewhere,” she says.

Most people opt for a three-year or five-year benefit period, but it may be worthwhile to pay extra for a longer benefit period if you have a family history of Alzheimer's or some other chronic disease. If you're trying to save money, Marilee Driscoll, the author of *The Complete Idiot's Guide to Long-Term Care Planning*, recommends shortening the benefit period rather than extending the waiting period.”

CONTACT US

- ▶ PHONE: 480.991.1055
- ▶ EMAIL: INFO@GRANDCANYONPLANNING.COM

WWW.GRANDCANYONPLANNING.COM

GCPA
GRAND CANYON PLANNING ASSOCIATES, LLC