

## Long-Term Care Insurance Overview

The good news you ask? Positive lifestyle changes and medical advances over the last few decades have resulted in people living longer. The bad news? Living longer increases the chances of developing chronic medical conditions and the costs associated with caring for these conditions can be astronomical. Fortunately, an insurance product exists that can provide financial support required, should there be a need for long-term care in the future.

### What is Long-Term Care Insurance?

Long-term care insurance (LTC) is like any insurance product; you pay a premium to protect against future potential risk. In this case, the insurance protects against the potential financial risks associated with providing an individual assistance with activities of daily living or supervision if they become cognitively impaired. The need could arise from a stroke, Parkinson's disease, Alzheimer's disease, Multiple Sclerosis, prolonged illnesses such as Cancer, or simply from aging.

### How Does It Work?

To understand long-term care insurance, think of the activities that you performed when you woke up today. You most likely climbed out of bed, walked to the bathroom, had a bath or shower, got dressed, and ate.

When we are healthy, it is easy for us to take for granted the above-mentioned activities of daily living (ADLs). The insurers that offer long-term care insurance consider ADLs to be the basic daily tasks necessary to maintain one's personal health and safety. Once a person is unable to perform a certain number of ADLs without the physical assistance of another person, then they would then be eligible for benefits. Benefits would also be payable in the event of developing cognitive impairment (inability to think, perceive, reason or remember), resulting in one's inability to care for themselves without ongoing supervision from another person.

### Alleviates Costs

When long-term care is required, the costs can be high. Over an extended period of time, these costs could threaten the financial security that you've worked so hard to achieve. Long-term care insurance can eliminate the fear of outliving your savings and can help to maintain estate size.

### Why is there a Need for Long-Term Care Insurance?

Looking ahead to the future, you may be unsure about the level of long-term care funding from your provincial government. Various statistics have shown that as the "Baby Boom" generation enters into retirement and postretirement stages, more and more pressure will be placed on publicly funded health care plans. As it stands today, you must have an income below a certain amount in order to qualify for certain types of government subsidies for long-term care costs. If you are above that income threshold to qualify, where does this leave you? This could mean that you will pay substantial out-of-pocket payments.

Whether you are planning for your own future, or perhaps thinking about aging parents, it is worth investigating if the premium costs of this product outweigh the potential benefits of having it. The benefit amount could be used to cover nursing home or long-term care facility costs or alternatively, the option of staying and receiving the support needed.

