



FIVE REASONS WHY SELF-INSURING FOR LONG-TERM CARE IS UNADVISABLE

Many investors evaluate the decision to buy a long-term care policy and conclude that they can save enough money on their own to afford a nursing home, an assisted living facility, or a live-in aide. Here's why we believe self-insuring is almost always a mistake.

- 1. Most people who attempt to self-insure do not follow through.** Self-insuring requires incredible discipline. Not only do you have to save a substantial amount of wealth, but that asset pool needs to grow in order to meet future care expenses.
- 2. Inability to anticipate future income needs.** As the cost of nursing homes and assisted living facilities rockets skyward, many investors have a hard time pinpointing just how much money they need to save to meet potential medical care costs, and they have an even harder time saving such exorbitant sums. They underestimate their future needs, and fail to save accordingly.
- 3. Often, money earmarked for care is spent elsewhere.** Even if you accurately assess the future costs of health care and save enough to meet that goal, other emergencies or projects may divert your attention and your funds. You may decide to purchase an expensive retirement home, or need to subsidize a child's finances. When you require care, there may not be enough left.
- 4. Even if you save enough to meet your needs, it could deprive your heirs.** If transferring wealth to your children or heirs is a priority, attempting to pay nursing home costs out of pocket could seriously jeopardize your legacy. Even if you own a long-term care policy, you still have to fund a portion of your care, which varies depending on the plan and where you live. But without it, you risk depleting your lifetime savings in a hurry.
- 5. You'd have to save more than you would have spent for long-term care insurance.** In some parts of the country, the cost of one year of home care exceeds \$100,000, and one out of two Americans over the age of 65 is likely to spend some time in a nursing home, a less attractive but less expensive long-term care option. Simply put, long-term care insurance is not a waste of money, but a money-saver if you end up requiring care. The earlier you start paying premiums, the lower your long-term care expenses will be.

For many Americans, long-term care expenses are inevitable. As the cost of medical care rises at accelerated rates, it is often a prudent decision to purchase long-term care insurance. Trying to self-insure may deprive your heirs, your family, and, most important, you. For peace of mind, we recommend long-term care insurance.

