

Investor's column: Three case studies in long-term insurance care. Is it right for you?

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Long-term care helps people live as independently and safely as possible when they can no longer perform everyday activities on their own. BY NATIONAL INSTITUTE ON AGING

I am a big believer in long-term care. With an individual over age 65 having a 68 percent chance of becoming cognitively impaired or unable to complete at least two activities of daily living — which includes dressing, bathing or eating — over his or her lifetime, it is no wonder why long-term care is so important.

The following case studies are true stories. The first is one with no planning other than assistance from family. The second is self-insuring against the cost of long-term care with family involvement. The third is long-term care planning through long-term care insurance.

In the first case, the client, a woman, was referred to me. She lived south of Venice in a remote area. She lived alone in a nice home with a pool. Her husband died many years before. She had three sons, none of whom lived in Florida, much less near her.



She had no long-term care insurance and did not believe she needed any. Her sons would take care of her, she always said.

She started having mobility problems and was having to depend on friends to drive her to appointments, medical and otherwise. Son No. 1 tells her that her home is worth more than it was and that she should sell it and move with him to Tennessee.

Son No. 1 will take her to Tennessee, where son No. 2 also lives. One of her sons has power of attorney over her finances. The house finally sells for much less than expected. Son No. 1 leaves her in Tennessee with son No. 2 and departs for places unknown.

In the end, she returns to Florida, enters a Medicaid approved nursing home and dies about six months later. It's not hard to imagine the last few years of her life being miserable.

In the second case, the client, a widow in her 70s, lived in the Venice area and now resides in Pennsylvania. She lived modestly but had a decent investment portfolio. She had a stroke soon after I met her and ended up in a nursing home environment.

Until that time, I had never had a client return home from such a situation, but she did. Not only that, but she also had a second

stroke a few years later. But again, she recovered and returned home.

Her children convinced her to return home to Pennsylvania. Until recently, she had lived completely on her own. She has good family support. After almost 10 years of independent living, she recently moved in to an assisted living facility.

We calculated that she has enough resources to last her approximately 10 years. Who knows, with her longevity, she could live longer than 10 years. Her children are expecting no inheritance. She had no long-term care insurance.

This is a better situation than case one, certainly, but she and her family will, at some point, begin to worry about her outlasting her finances.

The third case, which I have written about previously, features a husband and wife who both had traditional long-term care insurance. It includes a second marriage for both, with the husband having grown children. I had known them both for a long time. It was a loving, long-term marriage. They had significant resources in addition to the long-term care insurance.

He is diagnosed with dementia. She takes care of him at home for as long as she can. Then, they turn on his insurance to bring in a home health care aide once a week, then several times each week.

As the dementia progressed, he is admitted to a good nursing home. He then died within four or five months.

Because he had long-term care insurance, he was able to stay in his home longer than if he hadn't. That's a big deal for all involved.

These three cases outline the way many of us will go. The first — and worst — is no planning at all. The second depends on saved resources that may be depleted over time. The third is by far the best way to go.

While long-term care insurance is not inexpensive, there are more options to purchase than ever before, from traditional to asset-based. It makes sense to investigate. Even some long-term care coverage is better than none.

Long-term care coverage should be an important part of everyone's estate planning. And life planning.