

What If...?

By Tammy Flanagan

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Last week, I told a [cautionary tale](#) about the costs of long term care and the Federal Long Term Care Insurance Program.

The column drew a lot of response. Some of you wanted to know more about the possibility of self-insuring against the need for long-term care. According to an [article in Kiplinger's Personal Finance](#), you need very deep pockets to self-insure. You can compromise by buying a policy that combines life insurance and long-term-care coverage, or pairs annuities and long-term care.

Some folks assume their family members will provide long term care, if needed. But keep in mind that may be asking a lot of them. [According to the Family Caregiver Alliance](#), only 30 percent of caregivers provide care for less than a year, and 24 percent provide it for more than five years. Many caregivers of adults are themselves growing older. To me, these statistics are one of the best arguments for buying at least a minimal amount long term care insurance.

Readers also asked about alternatives to the FLTCIP. Long term care insurance is an expensive and long-lasting commitment. It is important to shop around and consider all options when making this type of purchase. FLTCIP offers an online [checklist](#) to help you compare the features of the federal plan against private policies. A few features that you may find available outside of the federal plan may include:

- Discounts based on your health and your age
- Gender-based premiums
- Discounts for couples
- The option to pay on an annual basis
- A partnership policy, mitigating Medicaid spend-down requirements

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The comments on last week's column shed some light on the debate over the value of long term care insurance. Below is a selection of them.

Those who say long term care insurance is worthwhile:

- I bought FLTCIP in 2002. I was only 42. I pay \$88.66 a month (I started at \$70.92) for coverage of 5 years, with a 5 percent inflation option and a 90-day waiting period. As of November 2015, my daily benefit amount was \$235.71 (it started at \$125) with a lifetime maximum of \$430,170. That is about \$7,000 a month, which is just about what it is costing my mom with Alzheimer's to live in a nice memory care facility.
- Mom has been using her policy for 5.5 years. Add that to the 10 more months of remaining coverage and that is over six years long term care has paid for, while I saved most of her pension and Social Security payments. That, plus her 401(k) and a few hundred thousand dollars from the sale of her house, will long outlast her. Unfortunately she has advanced Alzheimer's. My dad planned well.
- We bought a 10-year payment package with a 40 percent marital discount. After 10 years, we no longer pay premiums. Yes, it still goes up 5 percent per year. It was expensive, but I didn't want to wonder "Do I really want to keep paying these premiums?"

Those who question the need for long term care insurance:

- My dad's in a great assisted living/personal care facility where he receives outstanding care. It's not cheap, but he earned enough money in his life that he can afford to live in an acceptable fashion. It's not his home--the facility's tag line is "the next best place to your own home."
- The average stay in a nursing home is 18 months... I'll roll the dice--use up my money and then go on Medicaid. To each his own, but that is my theory and choice.
- I, too, will go to a top-shelf place (and can afford it with my generous pension and savings) until the funds run dry. However, cancer has wiped out everyone on both sides of the family. Nobody has ever lived over two years upon diagnosis and none of them ever went to a LTC care facility.
- Mexico has some really great long term care facilities at about half the cost of those in the US. ... I am very concerned that long term care insurance will not be there when I need it or the premiums will rise unexpectedly. I decided to put [the money that would have covered] my premiums into the Thrift Savings Plan and self-insure. If I we don't need the care, then we can keep the the money. If we need care, I will pay for home care and then retire to Mexico if we need a facility.

And the last word:

- In a perfect world, a quick death is the solution. However, we don't always have that option. Like someone once said: "Everyone should do what they want to do."

Photo: Flickr user [zeeveez](#)

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<http://www.govexec.com/pay-benefits/retirement-planning/2016/05/what-if/128085/>