



HouseWorks Resource Update

Home Care Financing Options

There's no getting around it. Whether at home or in a care facility, long-term care can be more expensive than a college education. For this reason, long-term care insurance makes good sense for those who can purchase a sound policy at the right time. For those without insurance, there are other options that can make long-term care at home an affordable choice.

Long-term Care Insurance

Originally designed to cover the cost of a nursing home stay, long-term care insurance is now available for personal care provided at home. For those who don't qualify for insurance, the best alternative may be to set aside money for future needs, but the total spent from a set-aside – if long-term care is needed – is likely to be far higher than the total spent on long-term care premiums.

When considering long-term care insurance, the consumer must take time to fully understand the fine print pertaining to key features (e.g. inflation protection, non-forfeiture benefits, elimination periods, and types of care covered) in order to make the smartest choice given his or her particular circumstances and priorities.

In any case, it is always more economical to purchase long-term care insurance before reaching

retirement age. In other words, the sooner the better.

Reverse Mortgages

A reverse mortgage converts the equity in a senior's home into cash. Instead of the borrower making payments to a lender, the lender makes payments to the borrower. Money from a reverse mortgage can be used for anything, including home care services and home modification that enables a senior to continue living at home. Typically, the borrower is not required to repay any money received through a reverse mortgage until he or she moves out permanently or the house is sold.

Using Life Insurance

There are a number of ways to access cash from a life insurance policy while still living. These include borrowing against the cash value, selling the policy in a viatical or life settlement, taking advantage of an "accelerated benefits program" rider, or cashing out the policy based on the available cash surrender value.

For more information about these long-term care financing options, visit the websites listed below and consult your financial advisor.

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setting the standard in home care

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Consumer Education Resources

Long-term Care Insurance

Order "Shopper's Guide to Long-Term Care Insurance" from the National Association of Insurance Commissioners at www.naic.org

Reverse Mortgages

Visit the National Center for Home Equity Conversion website at www.reverse.org

Life Insurance Options

Go to the American Council of Life Insurers website at www.acli.com, click on "Industry Products" then "Living Benefits from Life Insurance."