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Financial

Don't believe the myths

Discover the truth about long-term care



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About 70% of seniors will need some type of long-term care.¹ Yet too often they stop short of preparing for future needs because they're confused by the myths surrounding LTC protection products and services.

1. "Long-term care statistics 2024" <https://www.singlecare.com/blog/news/long-term-care-statistics>. Published 1/24/2024.

7 common myths about LTC

With this information, you'll be in a better position to help protect yourself, your family and your future.

Myth #1: "A government program will take care of me."

Fact: Government programs can be difficult to qualify for and have very specific requirements for LTC services. A number of public programs — including Medicare, Medicaid and veterans' services — may help pay for some LTC services in certain circumstances. Yet, each program has specific rules that define which services are covered, when benefits are paid, who can qualify, and the dollar amounts individuals must pay on their own.

When people are able to qualify for Medicaid and the program pays their LTC costs, there's a catch. Federal law requires states to recover the money Medicaid spent on their behalf from their estate after they pass away.² Probate law dictates what states will include in estates.

It's important to remember that government programs are limited by availability and financial resources.

Did you know?

Federal law requires states to recover the money Medicaid spent on people's behalf from their estate after they pass away.²

Myth #2: "I can save the money I'll need for LTC services."

Fact: Anyone who's had this thought should stop to consider two crucial questions: *How will I save up the money?* And (more important), *why?*

LTC services can be very expensive. The growing costs for care present a huge financial risk to older adults' retirement dollars. Those who plan to take on the burden of LTC expenses for themselves and/or a spouse or other loved one could wipe out their lifetime savings much faster than they expect.

When planning for long term care, it's helpful to know the average cost in your state or possibly the state where you'd like to spend your retirement years.



Tap/scan QR code to view the average cost for long-term care in your state.

Source: HealthView Services; Jan. 1, 2024. Annual numbers calculated based on actual medical claims data and income data for the U.S. Dept. of Commerce Bureau of Economic Analysis.

2. "Estate Recovery." Medicaid.gov. <https://www.medicaid.gov/medicaid/eligibility/estateretirement/index.html>. 2024.

Myth #3: “Only elderly people need LTC services.”

Fact: About 70% of seniors will need some type of long-term care.³

It’s wise to begin looking into LTC protection well before services are needed for two primary reasons: cost and need.

Potentially lower costs

By applying for insurance protection at a younger age, policy premiums — which are guaranteed never to increase — are lower. At the same time, getting approved for a policy or contract maybe easier at a younger age, when health risks are fewer. By contrast, waiting to make the purchase means paying potentially higher age-based premiums, maybe needing more protection and risking being declined.

Consider the need

Even adults who aren’t elderly may need a little extra assistance from day to day. This can be due to an illness, injury, chronic condition or disability. Help also may be required due to aging-related declines in eyesight, hearing, strength, balance and/or mobility.

Myth #4: “I don’t need separate LTC protection because I have health insurance.”

Fact: LTC protection is not the same as health insurance, which is designed simply to cover the costs to cure individuals and return them to good health.

Health insurance is intended to help pay for medical care only, but LTC insurance benefits help pay for the costs of care when you need LTC services. LTC services generally are required by those who are dealing with chronic illnesses, accidents or advanced aging and are progressive, with the level of needed care growing over time.

Did you know?

Waiting to make the purchase means paying potentially higher age-based premiums, maybe needing more protection and risking being declined.

3. “Long-term care statistics 2024” <https://www.singlecare.com/blog/news/long-term-care-statistics>. Published 1/24/2024.

Myth #5: "I can't afford LTC insurance."

Fact: The cost for LTC protection can fit nearly anyone's budget and financial goals. LTC protection may seem expensive, but *not* having it can be much costlier to individuals and families. LTC costs can quickly deplete a person's hard-earned life savings.

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LTC products can offer a broad selection of funding options. Mutual funds, cash or Section 1035 exchanges from existing life insurance or an annuity can be used to fund LTC protection with a single lump-sum premium. Another option is to pay policy premiums — which are guaranteed never to increase — over a period of 10 to 20 years.

Myth #6: "LTC protection pays for nursing home care only."

Fact: LTC benefits are designed to help people get the type of care they want — when, where and how they want it. LTC protection provides many options in a range of medical, personal and social services in a variety of settings — home, community, assisted living and skilled nursing facilities.

About 80% of care provided at home is received from unpaid family caregivers. Many others receive care in a community setting, and not in skilled nursing facilities.⁴ LTC benefits help expand choices so people can receive services when, where and how they are most needed.

Selecting and receiving the desired care can require thought and preparation. Adults should consider where they'll want to live as they age and whether their current residence can meet their changing needs or be modified to do so. LTC protection can be used to help people remain comfortably at home longer and avoid the necessity of a nursing home.

As needs become more pronounced, LTC protection provides access to the full spectrum — from adult day care to home health care visits to assisted living. Coverage also includes a bed reservation benefit to "hold your spot" in a facility if you require hospitalization. LTC benefits can provide for caregiver training, care coordination, respite care and even hospice care in end-of-life situations.



91%

of informal caregivers are unpaid.⁵

4. "Who Will Provide Your Care?" <https://acl.gov/ltc/basic-needs/who-will-provide-your-care>. Published 2/18/22.

5. OneAmerica Financial 2024 Caregiver Study in collaboration with Hanover Research.

Myth #7: “We don’t need LTC protection because we have each other.”

Fact: The reality is that LTC situations impact not only the individual who needs care, but also the entire family – across generations. Family members who provide care without being paid are the most common source of LTC help in the U.S. today. Typically, the women of the family – wives, sisters, daughters – step into caregiving roles, often making great personal sacrifices to take on the extra responsibilities. But they might not be able to meet every need and be available every hour of the day.

Anyone who is considering caring for or receiving care from a family member should thoughtfully consider these questions:

- Would you realistically want to care for the family member?
- Would you trust a family member to provide care for you?
- Are you physically and mentally capable of caring for each other?
- Is caregiving what you really want for each other for your future?

LTC situations might take an emotional and financial toll on families. LTC protection may assist in reducing the extent of care provided by family members and the impact of that care.

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Discover how to prepare for your future no matter where life takes you with OneAmerica Financial.

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