



FINANCIAL SECURITY
PLANNING SERVICES, INC. SM

Market Thoughts & When To Start Long-Term Care Planning

May 2017

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Market Thoughts for May

Commonwealth Chief Investment Officer Brad McMillan reviews another strong month for world financial markets. Markets were down for most of April but rallied during the last week of the month as worries about the French election subsided. Political concerns aside, economics are pretty sound, despite lackluster U.S. growth in the first quarter. Looking at the global economy, the news remains good and is getting better. Although a bit more worry has crept into the picture lately, the overall investment outlook remains positive.



We hope you enjoy this month's video.

What's The Best Age To Start Long Term Care Planning?

by American Association of Long Term Care Insurance (AALTCI)

"You may have noticed that the word "insurance" is missing from the headline above. That's because everyone needs to do some long-term care planning. But, not everyone can obtain long-term care insurance.

This is an important point because you want to start long-term care planning when you have the most options. Because of the need to "health qualify" for long-term care insurance, you need to start planning when you are still in relatively good health.

The ideal time to start planning is between ages 52 and 64

Here's why the ideal time to start planning is between ages 52 and 64. Every year the American Association for Long-Term Care Insurance surveys insurers. In 2011 data was gathered on new policy applications based on over 150,000 people.

PERCENTAGE OF APPLICANTS DECLINED FOR COVERAGE

Below age 50: 11%

Ages 50-to-59: 17%

Ages 60-to-69: 24%

Ages 70-to-79: 45%

Keep in mind, these are people whom the insurance professional felt might have a chance of qualifying. Applicants filled out a lengthy application only to be rejected.

"When it comes to long-term care insurance, your money pays for it ... but your health buys it!" That's why we recommend that planning start between ages 52 and 64.

Every year the American Association for Long-Term Care Insurance surveys leading insurers. Few consumers are aware of three important facts:

1. Each long-term care insurance company sets its own rates. When we compare virtually identical policies, we find that rates can vary by as much as 60-to-90 percent.
2. Rates can also vary depending on the state you live in. If you have two residences, it's worth mentioning to your insurance professional (assuming he or she is licensed in both states).
3. Each insurance company also offers different discounts and ways you can significantly reduce the cost.

Comparing long-term care insurance isn't as simple as comparing life insurance. This is a reason you should be working with a knowledgeable and experienced expert."

The Differences Between An Agent And A Broker

"Here's another fact consumers often don't know. Some insurance representatives only represent one insurance company. They are "agents" of that particular company, such as New York Life, Northwestern Mutual, State Farm or Bankers Life and Casualty. As such, they may only be able to offer you one company's policy. Now, it may indeed be the best protection for the best cost -- but you'll have to do the comparison shopping yourself.

Insurance brokers represent multiple companies and those who regularly work with long-term care insurance will be able to compare prices and benefits from multiple insurance companies. Simply stated, they will do the shopping and comparison for you. A good broker will help you get the best rate (or cost) for the best available coverage."

"Here are basic questions to ask when screening a potential insurance professional:

- How many years have you been licensed to sell long-term care insurance?
- How many long-term care insurance companies are you appointed with?
- Are any of your clients receiving benefits from their long-term care insurance policy?
- Will you tell me rates even I decide not to buy?
- Which insurance company did you use for your last two policy sales and can you tell me why you recommended that company?

What If You Have Some Health Conditions Or Take Some Medications?

After age 50, most men and women have some health conditions and take one or more common prescription medications. If you are in perfect health, every insurer will be very glad to offer you coverage with preferred health discounts (only available for non tobacco users).

But if you have some health conditions or take common prescription medications, you'll want to speak with a knowledgeable long-term care insurance professional. Because each company sets their own acceptable health conditions. You want your insurance broker to "shop your health" to get you the best coverage for the best cost.

GOOD NEWS: INSURERS OFFER DISCOUNTS TO APPLICANTS IN GOOD HEALTH

Percentage Qualifying For Good Health Discount (2011, AALTCI study)

Ages 40-to-49: 60%

Ages 50-to-59: 48%

Ages 60-to-69: 34%

Ages 70-to-79: 16%

There are reasons why we believe that the ideal age to start planning is when can qualify for long-term care insurance, and when you are most likely to qualify for good health discounts."

My staff and I deeply appreciate the continuing opportunity to work with you. Please let me know if you have any questions or requests. Thank you.

Sincerely,

Paul S. Bonapart, JD, RFC, AIF®, President
Financial Security Planning Services, Inc.
520 Tamalpais Dr, Suites 103 & 104
Corte Madera, CA 94925
(415) 927-2555
www.FinancialSecurityPlanning.com
CA Insurance License No. 0808412

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