

**FINANCIAL SECURITY**  
**PLANNING SERVICES, INC. SM**



**New Video Series & Reasons  
To Have Long Term Care Coverage (Part I)**

May 2015



*Honoring All Who Served*

**Welcome to our "Mind Over Money" video series with Kol Birke.**

Kol is a Director of Technology Product Evolution and Financial Behavior Specialist and a dear friend of Paul's. Kol Birke, CFP®, has worked at Commonwealth since 1999. Kol received a BA in economics from Brandeis University and a Master of Applied Positive Psychology degree from the University of Pennsylvania.



We hope you enjoyed this month's video. Stay tuned for more. To learn more about behavioral finance, I can also suggest reading "Your Money and Your Brain" by Jason Zweig.

## **Reasons To Have Long Term Health Care Coverage (Part I)**

### **Why LTC coverage is important**

In my research and experience, long term care services might be needed by almost anyone. An accident or sudden serious illness could be the trigger as well as a slow progressive condition like rheumatoid arthritis, Alzheimer's / Parkinson's or cardiovascular disease. Conditions are likely to befall any age and gender, although women seem to need them more than men for various reasons. For many years now state and Federal government officials and agencies have been warning, if not begging the public to do more to prepare for the risks of extended or chronic health care costs. There are a number of ways to blunt long-term medical costs' impact can have on income, lifestyle, and obligations that I believe all clients should seriously consider before deciding that self-insuring is the way to deal with this economic risk. I have such coverage on myself.

Research shows that long-term care costs have outpaced inflation by at least three percent each year for many years, and costs for such care are perpetually on the rise. Increasing demand for a limited number of service providers continues to push the price tag even higher. There's no doubt that demand will continue to grow. The number of elderly is expected to nearly double over the next 30 years. As life expectancies rise the age group over 85 is now the fastest growing segment of the population. Twenty years from now, when we may need long term care services the most, just two years of care could easily cost over \$450,000. A few months of an insurance company paying long-term care expenses can very often cover all premium costs.

### **Long Term Care Continuum**

The evolution in long term care services where people experience the need for different levels of health care is illustrated in the graphic below. It illustrates how the need often is for a string of services, a continuum, including the following:

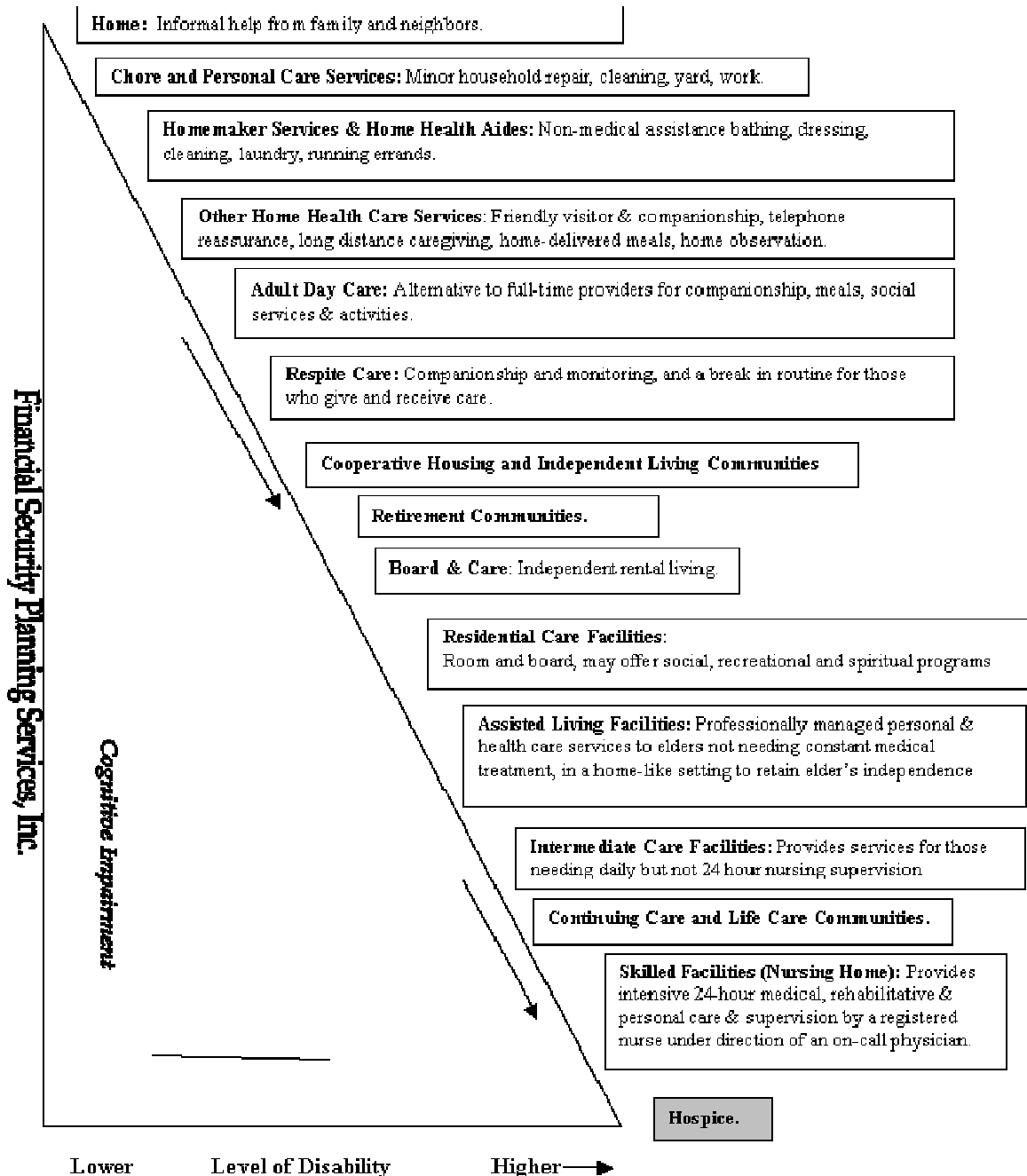
- Chore services: Volunteers buy groceries, mow lawns, vacuum, run errands, etc.
- Home visitors: Meals-on-Wheels, story reading, companionship, etc.
- Senior centers: Social activities, dances, bus tours, etc.
- Adult day care: Daytime activities, lunches, therapy, games, etc.
- Home health care: In-home services by nurses, physical therapists and dieticians, etc.
- Rehabilitation programs: Provide extensive physical therapy, occupational therapy and speech therapy.
- Respite care: Individuals provide relief to aid primary caregivers.
- Retirement housing communities: For the independent elderly, offering individual units, security, social activities, etc.
- Continuing care communities and centers: Designed to meet residents changing needs from retirement housing through skilled care.
- Assisted living centers: Offer medical attention, as well as assistance with eating, bathing and other activities of daily living.
- Nursing facilities / skilled nursing: Provide intensive nursing care around the clock.
- Sub acute care: Provide post-acute or heavy skilled care that is expected to be of

shorter duration than usual skilled care.

- Acute care: Surgical or hospital with lengths of stays limited by diagnosis-related insurance coverage.

I developed this information and graphic to help explain how long-term care coverage works and how we can access insurance benefits.

### EXTENDED HEALTH CARE CONTINUUM



None of us know how or when we may need to access coverage. Because of the nature of chronic disease, the need for long-term care often develops gradually and at different rates for each individual. Ideally, each individual should receive the appropriate mix of services in an environment that permits maximum independence.

Please contact me to discuss long term care and how it fits into your financial plan.

## New Clients Welcome!

If you know someone who may need the top-notch financial planning and investment management service we provide, please contact us with your referral.

We "give back" through our *Referral Program*. When anyone refers a prospective client to us, we make a contribution to a charity specified by the person making the referral.

Charities already contributed to include:

- Andrew Bonapart Scholarship Fund
- Sierra Club
- World Wildlife Fund
- Marin Humane Society
- Pets Lifeline
- CurePSP

Thank you to all who have already referred us clients. My staff and I deeply appreciate your continuing confidence and the opportunity to work with you. Please let me know if you have any questions or requests.

Sincerely,

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