

# advisor training

## The Cost of Waiting to Purchase Long-Term Care Insurance



Your clients have busy lives. Between family and work obligations, they have a lot going on. So even if they understand the value of long-term care insurance, purchasing a policy often isn't a top priority. But they may not be aware there's cost associated with waiting.

It's easy to put things off until tomorrow. But some of life's decisions are too important to ignore. Waiting to purchase a long-term care insurance policy is one of them. Waiting may mean paying higher premiums down the road. Procrastinating also could lead to the inability to qualify for coverage. That makes this concept well suited for:

- ▶ People who are inclined to put off the decision to buy
- ▶ People who think long-term care insurance is too expensive (it will only get more expensive the longer they wait)
- ▶ People who are concerned about future health issues (a change in health could make them ineligible for coverage)



### The Real Cost of Waiting

Without a long-term care insurance policy, your clients could face paying the entire cost of services out of their own pockets. That's the real cost of waiting.

Nursing Home	\$6,990 per month for a semiprivate room
Assisted Living	\$4,245 per month for a one-bedroom unit
Home Health Care	\$3,872 per month for the services of a home health aide

Source: Mutual of Omaha's Cost-of-Care Survey conducted by LTCC, 2014; released June 2015. Nursing home costs are based on the national average of \$233 per day, 30 days per month. Home health aide costs are based on the national average of \$22 per hour, 44 hours per week, 4 weeks per month.

## How it Works

It's important to let your clients know there's a cost associated with putting off the decision to buy long-term care insurance.

Make sure they understand their premium is based on their age when they purchase a policy. That means the younger they are, the less expensive the premium will be.

For example, Daniel knows he needs long-term care insurance. But with two boys in college, he has other things to think about and other expenses to consider. At age 50, he feels he has plenty of time to buy a policy.

See how waiting to purchase long-term care insurance impacts the premium he would pay.

Age at purchase	50	55	60	65
Annual premium	\$525	\$609	\$751	\$1,091

In addition, a health diagnosis could make him ineligible for coverage. That means if Daniel's health were to change tomorrow, he may not be able to purchase long-term care insurance at any price.

Premium in this example is based on rates for a male purchasing a MutualCare® Secure Solution policy with a \$3,000 monthly benefit, \$108,000 policy limit, 36-month benefit period and 90-day elimination period. It does not include optional features like inflation protection or shared care.

## Concept Advantages

No one knows what the future holds in store. So it's wise not to put off the decision to purchase long-term care insurance. Buying now provides these advantages:

- ▶ **Insurability** – Applying for long-term care insurance when your clients are young and in good health may make it easier to qualify for coverage
- ▶ **Affordability** – Because premium is based on age at the time of purchase, every year your client waits means the price increases
- ▶ **Peace of mind** – An accident or prolonged illness can happen to anyone at any age. A long-term care insurance policy may help your clients rest easy knowing they'll be able to get the care they need