

Abstract: The COVID-19 pandemic and its aftermath have significantly affected our lives in many ways that are still playing out. For example, the pandemic has served as a reminder of how difficult an unexpected medical crisis may be to manage financially. This article explores the pros and cons of one potential safeguard against such risk: long-term care insurance.

Weighing the pros and cons of LTC insurance

The COVID-19 pandemic and its aftermath have significantly affected our lives in many ways that are still playing out. For example, the pandemic has served as a reminder of how difficult an unexpected medical crisis may be to manage financially. It has also reinforced the importance of guarding against the risk of such crises before they arise.

In this context, you may want to consider buying long-term care (LTC) insurance to protect yourself against high medical costs in the future. Before you commit to such a purchase, however, be sure to weigh the pros and cons.

Know the options

LTC insurance policies can help pay for the cost of long-term nursing care or assistance with activities of daily living, such as eating or bathing. Many policies cover care provided in the home, an assisted living facility or a nursing home — though some restrict coverage to only licensed facilities. Without this coverage, you'd likely need to pay these bills out of pocket.

Medicare or health insurance policies generally cover such expenses only if they're temporary — that is, during a period over which you're continuing to improve (for instance, recovering from surgery or a stroke). Once you've plateaued and are unlikely to improve further, health insurance or Medicare coverage typically ends.

That's when LTC insurance can take over. But you need to balance the value of a policy against the cost of premiums, which can run several thousand dollars annually.

Consider various factors

Whether LTC insurance is right for you will depend on a variety of factors, such as your net worth and estate planning goals. If you've built up substantial savings and investments, you may prefer to rely on them as a potential source of LTC funding rather than paying premiums for insurance you might never use.

If you've socked away less and want to have something left for your heirs after you're gone, LTC insurance might be a good solution. But it will be effective only if your premiums are reasonable.

If you determine LTC insurance may be right for you, the younger you are when you buy a policy, the lower the premiums typically will be. Plus, the chance of being declined for coverage increases with age. Having certain health conditions, such as Parkinson's disease, can also make it more difficult, or impossible, for you to obtain an LTC policy. If you can still get coverage, it likely will be much more expensive.

So, buying earlier in life may make sense. But you must keep in mind that you'll potentially be paying premiums over a much longer period. You might be able to trim premium costs by choosing a shorter benefit period or a longer elimination period.

Gather information

Only you can decide whether LTC insurance will likely benefit you and your loved ones. Gather as much information as possible before making the decision. Contact our firm for assistance.