

# Full Circle

CAREGIVING – THE CIRCLE OF LIFE

Winter 2008

800-422-2655

By now we have all gotten through the Holiday season, enjoyed time spent with family and friends, made our New Year’s resolutions, and probably started a new diet to shed those extra pounds.



My family had a quiet holiday spending time with my dad and helping him get adjusted to the cold CNY weather. I did a lot of shopping, and I am embarrassed to say bought too much “stuff” for myself. I just can’t seem to pass up a bargain.

Speaking of resolutions, have you decided what your long-term care planning goals are? It’s never too late to start. The greatest gift you can give your family is protection against the overwhelming emotional and financial costs of a long-term care illness.

Harley Gordon, the president of the Corporation for Long-Term Care Certification, Inc., very simply stated the reason why people need long-term care protection is to “ensure against consequences, not risk to those they love”.

What consequences would your family be confronted with during a long-term care illness? Lost time at work? The stresses of providing home care assistance? Juggling the needs of children with those of aging parents? Finding the funding to pay for care? Dealing with the 24/7 hours of care needed by someone afflicted with Alzheimer’s?

If you already have a LTCI policy, you understand the value of planning. If you have a friend or relative who has not planned for long-term care, encourage them to investigate the coverage by giving us a call.

The long-term care market is exploding with new products in addition to long-term care insurance. In this issue, we’ll explore two new alternatives for long-term care planning...life insurance with long-term care riders and life settlements as a way to finance long-term care needs.

So I guess what I’m trying to say is that there is no excuse not to plan for LTC because there is a plan for every situation.

Ann, Naomi and I wish you and your family a very happy, healthy 2008. Don’t hesitate to call us. We’re here to be of service to you.

*The secret to staying young is to live honestly,  
eat slowly and to lie about your age.*  
*-Lucille Ball*

[www.LongTermCareAssociates.net](http://www.LongTermCareAssociates.net)

**Inside this newsletter:**

Preferred or Standard	2
Federal & State Tax Advantages	2
Life Insurance with Long Term Care Rider	3
Life Settlements	3
Caring Circle Institute	4

# “Preferred” or “Standard”...That is the Question

A common question asked by clients is “Do I qualify for a preferred health rating?”

As an agent, I am required to make a judgment call, based on my experience, the information shared with me, and company underwriting guidelines, as to what health class rating a client would most probably be approved for.

Often times, clients have various ailments that are very well controlled and cause no restrictions in their daily life activities. Their doctors have not sounded any alarms nor given any cause for concern. Yet, the insurance carriers view these ailments as a high risk factor and

place the client in a standard or select category which increases the premium.

The ultimate health class rating decision is always based on an Attending Physician’s Statement – the last five to ten years of what has been recorded in your medical records. As an individual applying for long-term care insurance, it is important to learn as much about your health as possible. Over the years, I have found that doctors sometimes write information in a patient’s records that has either not been shared or misinterpreted by the client.

Even though you disclose what you know to be in your medical

records, the deciding factor is what your records actually say. Even though your doctor may have prescribed a medication to you but you never filled the prescription, it is still in your medical records. If you truly believe that a company has misinterpreted your doctor’s records and your health rating should be adjusted, you can always appeal the decision.

The difference in cost between a preferred health rating and standard rating is about 10-15%. This should not dissuade you from purchasing the coverage. Making adjustments in the selected features may be appropriate in order to keep the premium affordable.

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## Federal & State Tax Advantages and Your LTCI Premium

Under federal law an itemized deduction may be claimed for medical expenses, including “qualified” long-term care insurance premiums. You calculate the deduction by adding all out-of-pocket medical expenses incurred during the tax year, including the lesser of the long-term care insurance policy premiums or the age-based eligible premium for the tax year. To the extent the total exceeds 7.5% of the taxpayer’s adjusted gross income (AGI), it is deductible on the federal return.

### Attained age before the close of the 2008 taxable year:

40 or less:	\$310	(up from \$290 in 2007)
More than 40 but not more than 50:	\$580	(up from \$550 in 2007)
More than 50 but not more than 60:	\$1,150	(up from \$1,110 in 2007)
More than 60 but not more than 70:	\$3,080	(up from \$2,950 in 2007)
More than 70:	\$3,850	(up from \$3,680 in 2007)



Some states also offer tax incentives for long-term care insurance premiums.

For example, a taxpayer in a state with a deduction approach will declare income and itemize certain deductions according to state guidelines. In those states, long-term care insurance premiums (or some portion) can be included as a deduction against income thus reducing the amount that is taxable for purposes of state income tax.

A taxpayer in a state that uses the credit approach will calculate the state income tax owed and subtract from that amount the credit for long term care insurance premium allowed by that state. The first approach reduces the amount of taxable income. The second approach directly reduces the tax.

New York State offers a 20% tax credit when you file your tax return for 2007. Make sure you take the correct tax write-offs.

## THERE'S A LTC PLANNING STRATEGY FOR EVERYONE!!

### Life Insurance with a Long-Term Care Rider

Let's say that you have been thinking about purchasing long-term care insurance for some time but then you think about the "wasted" premium dollars in case you never use the coverage (wouldn't that be the best thing that could ever happen?)

Have I got a plan for you!!

It's safe to say that we will all go up to the pearly gates someday, and there is a 40% chance that over the age of 65 we will need long-term care. Several long-term care insurance carriers have introduced life insurance policies with long-term care riders. This is a single strategy that plans for two financial risks: premature death and long-term care expenses.

The life insurance portion of the policy is permanent guaranteed universal life coverage. If you become ill, you can accelerate the death benefit to pay for long-term care. You can use the entire death benefit or a portion of it to pay for LTC expenses. Any unused portion of the death benefit is paid to your beneficiary. If you never need LTC, the entire death benefit is paid to your heirs.

The long-term care portion of the policy provides comprehensive coverage in the setting of your choice. All levels of home care (skilled and custodial), adult day care, assisted living and nursing home care are covered.

This long-term care planning strategy guarantees "value" because there are no "wasted" premiums. Call us today at 800-422-2655 to learn more.

### Life Settlements

#### **Do these situations sound familiar to you?**

- You have a life insurance policy that is about to lapse or is no longer necessary due to changes in your estate.
- You need more discretionary income to maintain your lifestyle or prepare for the future.
- You have been diagnosed with an ailment that makes you uninsurable for long-term care insurance.

A life insurance settlement is the sale of an in-force life insurance policy by its owner to a financial institution known as the provider. The policy owner receives a cash settlement offer **higher than the cash surrender value**, but less than the death benefit, and all ownership rights and obligations of the policy are transferred to the provider.

Life settlements can provide immediate funds to:

- Increase retirement income to maintain a desired lifestyle
- Pay for on-going long-term care expenses
- Pay for a long-term care insurance policy



**There's no excuse not to plan for long-term care. Call Long Term Care Associates, Inc. today to learn about your options.**

**“THE BEST WAY TO PREDICT THE FUTURE IS TO CREATE IT”**

**-Peter F. Drucker**

# Caring Circle Institute

OFFERING HOPE, CONFIDENCE AND THE  
TOOLS FOR EFFECTIVE CAREGIVING

*A new resource in Cortland County  
dedicated to providing caregivers and  
their families with a place to exchange  
information, share ideas, and access  
services and resources in the community.*

Classes for families caring for a loved  
one run January – June 2008 at Walden  
Place, 839 Bennie Road, Cortland.

Classes are free and open to the public.  
For a list of dates and classes or to  
register, please call Ann or Naomi at  
800-422-2655.

## AREA CHAMBERS

Long Term Care Associates, Inc. is  
proud to be the preferred LTCI broker  
for the Canandaigua, Clayton,  
Cortland, and Greece Chambers of  
Commerce.

Call us to learn how to initiate a group  
plan for your business or association.

### ASK SUSAN:

- Q. What is the minimum daily benefit  
for the NYS Partnership Plan for 2008**  
A. The minimum daily benefit for the NYS  
Partnership Plan for 2008 is \$208.

If you have a question for Susan email her at  
Susansuben@31greenbush.com and look for your  
answer in the next issue of Full Circle.

**Refer a friend or family  
member who you care about.**

Long Term Care Associates, Inc.  
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*“A new year means a  
new chance, a new  
beginning-  
Learn from your  
mistakes, but don't let  
them weigh down your  
future.”*

*-Anonymous*

