

LTC Planning

Who Should Buy Long Term Care Insurance?

There is general agreement about who should *not* buy long term care insurance. There are differing thoughts, however, about why a person *should* buy long term care insurance — perhaps because this type of coverage can help to accomplish so many different objectives.

The reasons for *not* buying long term care insurance are usually financial. In *A Shopper's Guide to Long Term Care Insurance*,¹ the National Association of Insurance Commissioners (NAIC) recommends that a person should not buy long term care insurance if he/she

- cannot afford the premiums
- has limited assets
- receives a Social Security benefit or Supplemental Security Income (SSI) as the only source of income

- often has trouble paying for utilities, food, medicine or other important needs
- is on Medicaid.

The reasons *for* buying long term care insurance are in part financial, but also reflect a person's values, choice of lifestyle and personal philosophy. In the same publication, the NAIC identifies the person who *should* consider long term care insurance as one who

- can pay premiums, including possible premium increases, without financial difficulty
- has significant assets and income
- wants to protect some of the assets and income
- wants to stay independent of the support of others and wants the flexibility of choosing care in his/her preferred setting.

For many of your clients, having long term care insurance is essential to helping ensure that their financial security will not be threatened and that their choices about lifestyle and independence will be carried out, even if they some day need long term care.

Your clients who are in a position to self-insure the cost of long term care may also have good reasons for buying long term care insurance. Long term care insurance can help ensure that your clients' estate plans will stay intact or that valuable real estate or high-performing assets need not be liquidated to pay for long term care costs. Couples in blended families may want to have long term care insurance to help ensure that the estate of each spouse will be distributed to his or her own children.

1. NAIC, Rev. 2003, p. 8

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