

Plain Talk About Long-Term Care Insurance



Simple rules for
making an informed
decision that's right
for you today and
in the future



Should your future plans include long-term care insurance?

Since a disabling accident or illness requiring long-term care can arise at any age, the best time to consider the answer to this important question is now. That's why you have been provided you with this guide to long-term care insurance—to help you make an informed decision about your long-term care insurance group plan coverage opportunity and the role this insurance plan might play in helping to protect your savings, your family and your lifestyle.

A few simple rules can lead you to a decision that's right for you, your family and your future

No one can accurately predict whether or not you personally will need ongoing care related to a chronic illness or disability at some point during your life. What you can do, however, is make an informed assessment of the likelihood a need might arise, then use this assessment as a basis to decide:

- Whether or not to buy long-term care insurance at all
- How much coverage you might want to purchase

Making an informed decision is easier than you might think

Simply take some time to consider the five rules outlined on the pages that follow. Then, if you decide long-term care insurance might be important to your future, consider taking advantage of your opportunity to enroll for coverage at group rates through the Prudential Long Term Care Solid SolutionsSM Insurance plan issued by The Prudential Insurance Company of America.

Rule 1

Be realistic about your potential risks

No one likes to think about the possibility of needing long-term care. But understanding the potential risks is important to making an informed decision.

Here are the key facts to consider:

Needing assistance in later years is a normal part of the aging process

In fact, approximately 60% of individuals who are over the age of 65 will need some type of long-term care services.¹

Needing assistance earlier in life is also a possibility

While most people who need long-term care are age 65 or older, a person can need long-term care at any age. 40% of people currently

receiving long-term care are adults 18 to 64 years old²—and nearly one quarter of the 700,000 stroke victims each year in the United States are under 65.³

Costs are high, and they are rising

As a general guideline, costs on a national basis now average over \$217 per day for a private room in a nursing home and \$21 per hour for visits from home health aides.⁴ Inflationary pressures are likely to increase these costs significantly in the future.

Rule 2

Understand where the money might come from

Keep in mind that health insurance doesn't typically cover costs for ongoing care related to a chronic illness or disability. If you choose to buy long-term care insurance, you'll be doing so as a means of reducing reliance on these other potential sources of money:

Your savings or the sale of assets

Although it's always possible to pay expenses out of your own pocket, you should consider the potential impact—both financial and emotional—that depleting your savings or selling other key assets could have on you and your family.

Medicare

Medicare mainly covers skilled care after you have been hospitalized for at least three days, and it generally does not cover personal or home-care services. Medicare was not designed to pay for extended long-term care and should not be counted on as a resource.

Medicaid

Medicaid is designed to pay for nursing home care for those who are very poor. To qualify, individuals must use up (or "spend down") their assets and meet a strict income test—usually \$2,000.⁵ In other words, Medicaid is available, but only when a person is destitute.

Rule 3

Assess the goals you are trying to achieve

For most people there are four main goals associated with the purchase of a long-term care insurance plan:

Protecting Assets

As the costs for long-term care continue to rise, there is an ever-increasing risk that a person might impoverish him or herself by attempting to pay for long-term care out of pocket.

1 110th Congress 1st Session H. Con. Res. 133: Long-Term Care Awareness Week; resolution dated April 26, 2007 and passed on October 15, 2007. To gain a copy of this report, please go to http://thomas.loc.gov/home/gpoxmlc110/hc133_eh.xml 2 U.S. Department of Health and Human Resources, National Clearinghouse for Long-Term Care Information, 11/14/2007. www.longtermcare.gov/LTC/Main_Site/Understanding_Long_Term_Care/Basics/Basics.aspx#risks 3 Centers for Disease Control and Prevention, U.S. Department of Health and Human Services, www.cdc.gov, October 2007 4 Long-Term Care Facility Costs—A Nationwide Quantitative Evaluation of U.S. Facilities, March 2008. Prudential Financial Global Market Research. www.prudential.com/insurance/longtermcare. For a copy of this report, please call 1-800-732-0416. 5 Qualifications for Medicaid vary by state.



Depending on your own financial situation, you could potentially find yourself depleting assets that you had planned to rely on during your retirement or pass on to your heirs. If you are married, selling off assets could leave your surviving spouse with a nest egg that is too small to generate the amount of income he or she might need to live comfortably.

Protecting Choices

Assets are not the only things you may want to protect. Long-term care insurance also helps protect choices. If choice is important to you, long-term care insurance may be a good idea even if asset protection is not your primary goal.

Staying at Home

A long-term care insurance plan that includes coverage for home care can make it possible to stay at home in situations where you might otherwise need to move to a nursing home or other care facility.

Assisting Family Caregivers

A long-term care insurance plan can help reduce the burden on your loved ones in many different ways. Although benefits vary from one insurance plan to the next, most insurance plans provide coverage that can:

- Decrease the chance you'll ever need to ask other family members for financial support
- Provide reimbursement for loved ones who take time off work to help provide informal care
- Help pay for assistive devices, caregiver training and other services that can help make life easier for family members who assist in providing care

Rule 4

Plan for any eventuality

As you evaluate the appropriateness of any long-term care insurance plan in relation to your goals, it's important to consider the types of care the insurance plan might cover.

Long-term care services are generally categorized by where they are provided:

Home Care

Covered services include:

- Home Health Care
 - Personal Care Services
 - Homemaker Services
 - Hospice Care
 - Adult Day Care

Facility Care

Covered services include:

- Nursing Home
- Adult Foster Care/Board and Care Facility
- Assisted Living/Residential Health Care Facility
- Bed Reservation
- Respite Care
- Hospice Care

Keep in mind that coverage can vary considerably from one plan to the next. Since it's virtually impossible to predict which services you might need, it's prudent to choose an insurance plan that covers a broad range of possibilities with a minimal number of limitations and exclusions.

Rule 5

Remember to plan for inflation

Just like most everything else we buy, the price of long-term care will probably go up in the future. Therefore, coverage should be purchased based on the cost of services when they might be needed, not on what they cost today. Here are two key ways you can help ensure that your coverage keeps pace with the rising costs of long-term care services:

- **Choose** an insurance plan that has a built-in inflation protection feature to increase your coverage over time; and/or
- **Consider** purchasing an optional inflation rider, if available, as an added measure of protection⁶

Make a decision now that's right for you

We hope you've found this guide helpful in reaching an informed decision about long-term care insurance.

If you are currently an employee or member of an affiliated group who is eligible for coverage through the Prudential Long Term Care Solid SolutionsSM Insurance plan issued by The Prudential Insurance Company of America, we encourage you to consider taking advantage of your opportunity to enroll at group rates.

The younger you are when you purchase a long-term care insurance plan, the more affordable it's likely to be, so don't delay...

Please visit our website at www.prudential.com/insurance/longtermcare for additional information.

If you need assistance, please call us at 1-800-732-0416.

⁶ This option may not be available on all plans.

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For Texas residents there is available a senior insurance counseling service. You can contact this service at:

Health Information Counseling and Advocacy Program (HICAP)
701 W. 51st. W-352
Austin, Texas 78751
Phone: 800 252-9240

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