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Take care when shopping for long-term care coverage



LINDA STERN

Your money
Columnist

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You wouldn't ask your banker to choose stocks for you, or your dentist to check out your bum knee, even though their fields are related. So don't expect your life insurance agent to answer all of your questions about long-term care insurance.

Shopping for the right long-term care coverage is a challenge.

First, there's the job of finding a knowledgeable and ethical agent to sell it to you. And the need to buy a policy from a company that you'll trust to be there if you file a claim in 20 or 30 years. Finally, there's constructing the right policy to fit your life.

And throughout the whole process, you'll have to deal with a business that's still figuring itself out.

"This particular industry is still evolving," says Linda Leitz of Pinnacle Financial Concepts, a Colorado Springs fee-only financial planning firm. "We don't have a long-term history of what companies have not paid, and even for the industry as a whole, we don't have a history of what costs will have to be funded" once baby boomers start hitting age-related health problems.

But the long-term care insurance industry is starting to get organized.

It's getting easier to find products that are somewhat standardized and to find agents who understand those products. Here are some shopping tips:

- Find a credible expert to help you.** The best agents are those who handle only long-term care coverage and carry products from several different companies. An agent who only handles long-term care insurance as a sideline may not know enough about the particulars of this kind of policy.

- Address the commission question head-on.** Long-term care insurance is mostly sold by agents who are compensated by the companies that issue the policies. Ask the agent whether one policy pays him more than another. If that's the case, ask whether there's another policy that's equally good, but less expensive.

At least one agency, LTC Financial Partners () of Kirkland, Wash., has started equalizing their commissions. Agents at that firm get the same fee regardless of what product they sell. Some

fee-only financial advisers, including Leitz, also recommend policies to their clients.

To find fee-only advisers who handle long-term care policies, contact the National Association of Personal Financial Advisors ().

•**Double-check the recommendations you get.**Weiss Ratings () publishes a consumer guide to long-term care insurance that includes policy recommendations and also safety ratings on all of the companies that sell it. A single issue costs \$49.

You can also check with local nursing homes and eldercare case workers.

•**Get a policy that includes home health care.**Parents who may not want to think about ending up in a nursing home might like the idea that they are insuring their ability to afford skilled care in their own homes if they need it.

•**Limit your benefits so you can afford the policy.**The majority of people who end up in nursing homes don't stay there for years and years. Capping benefits at 6 years could limit the premiums to a level you could afford. So could building in a 60-day or 90-day waiting period before the benefits kick in.

•**Consider your own health profile and family health history.**Some experts say you should buy a long-term care insurance policy as soon as you turn 50; every year that you wait after that increases the likelihood that you would develop a condition that could render you uninsurable. And premiums are smaller when you are younger.

CONTACT US: E-mail Stern, a freelance writer, at lindastern@aol.com

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