



SELECTING THE RIGHT LONG-TERM CARE PLANNING SEMINAR TO ATTEND?

Long-term care is one of the great social concerns facing the elderly and their children today. Seminars are an excellent way to gather information to make better informed decisions about long-term care planning. Educating yourself with some basic information prior to attending a seminar on long term care planning will prepare you to ask the right questions.

The longer you live, the more likely you are to need care. Your family will most often take care of you, but consider the financial and family impact of providing that care. Long-term care planning is finding solutions to reduce those stresses. Addressing these concerns are attorneys, CPA's, financial planners, or insurance advisors who may sponsor seminars. A long-term care planning seminar should create an awareness of the issues and present options to pay for long term care

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(including an explanation of Medicare and Medicaid), financial and logistical factors of a quality plan, as well as key factors in selecting an insurance product with the most appropriate level of benefits. Seminars may provide information on protecting hard earned savings by having the government pay for your care. Understanding what the government will cover for long term care services will help you during your decision process.

GOVERNMENT PROGRAMS FOR LONG-TERM CARE NEEDS

Medicare Part A, the primary health care program for retirees, pays only for skilled or rehabilitative care, not custodial care in any venue. The beneficiary must enter a skilled nursing home facility within 30 days of an inpatient hospital stay of at least three nights and for the same medical condition that required the hospital stay. The full cost of care for the first 20 days is covered. A daily deductible (adjusted annually for inflation) is applied for care received from the 21st to the 100th day. Coverage ceases after 100 days. Visit the Medicare Long Term-Care site for additional information and resources at: <http://www.medicare.gov/LongTermCare/Static/Home.asp>

Veterans believe that the Veterans Administration

will pay for home care, adult day care, or assisted living. Funding is extremely limited and generally based on servicerelevant disability. In fact, the federal government has communicated this message to veterans by encouraging them to purchase long-term care insurance through the Federal Long-Term Care Insurance program. Visit <http://www.va.gov/> for resources and assistance.

Medicaid, a federal and state program for financially needy individuals, will pay for custodial care but primarily in nursing homes. Funding for home care and assisted living is very limited and based on availability of funds. Most people prefer to receive care at home and in the community, not in a nursing home. You probably have the same preference. In short, Medicaid pays for the one thing you never wanted, care in a nursing home.

The sponsor may suggest a “Medicaid plan” that protects assets. Medicaid planning is taking your life savings and either giving it away or placing it in a trust. While it may sound simple, there are serious tax and personal consequences. If you need long term custodial care, want to remain in your home to receive care and you have gifted your assets to someone else, you will have to ask for your assets to be returned to you.

Income is key to retirement security and an important part of the discussion during Medicaid planning. Income, such as pension, social





security, IRA, or annuity payouts cannot be gifted and therefore is not protected. Income must be spent on your care.

Transferring tax qualified investments such as an IRA, Keogh, or tax deferred annuity may be discussed as an option. Gifting those assets creates an immediate tax that could reach 40 percent or greater. Transferring low cost based assets, such as stock or your home, results in the recipient picking up that asset and creates a higher tax when the property is sold. If those assets remain in your name at your death, there is little or no tax.

Medicaid planning is very complex and if you do not clearly understand it, you may not achieve the desired results. Visit <http://www.cms.hhs.gov/medicaid/default.asp> for additional federal and state specific information.

A BETTER ALTERNATIVE: LONG-TERM CARE INSURANCE

Seminar sponsors recommend Long-Term Care insurance (LTCi) precisely because of the consequences discussed above. Long-Term Care insurance allows families to provide for needs longer and better by paying for the difficult work of bathing, dressing, feeding, and toileting. LTCi allows your retirement portfolio to execute the purpose for which it was intended, namely retirement. LTCi protects assets and income.

When buying coverage, choosing a long-term care specialist is critical. Consider their training, educational credentials, and commitment to help

solve your long-term care needs. If their initial presentation centers around product and price, consider getting a second opinion.

GENERAL RULES OF SEMINAR CONDUCT

Most states have adopted a set of general rules that are part of The Unfair Trade Practices Act. The following set of rules apply to the Unfair Marketing Practices section:

MISREPRESENTATION – A representative may not use misleading or incorrect information in the sale of long-term care insurance.

FALSE ADVERTISING – A representative may not use any marketing material with the intent of stating untruths or half-truths.

DEFAMATION – It is unethical to damage the character and/or reputation of a competitor or his products.

TWISTING – A representative may not suggest that a client let an existing policy lapse so that the producer may sell him a similar policy.

REBATING – Offering a client an inducement to purchase insurance is considered unethical and is illegal in some states. For example, an offer to return a portion of the premium from the representative's compensation.

BAIT AND SWITCH – The use of a bargain-priced product to attract customers, and then encouraging a purchase of a higher-priced product.

With each unique situation, there is not a 'one-plan-fits-all' approach. A seminar sponsor should be able to understand your concerns and offer solutions that are in your best interest.

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