

**Attorney Timothy P. Crawford, CPA, CELA\*, CAP\*\***  
wants to share this information with you.

## **HOW WILL YOU PAY FOR LONG-TERM CARE INSURANCE?**

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The costs of long-term care can ruin an otherwise well-planned retirement. When couples run out of money after retirement, it is usually because of long-term care costs such as nursing home stays. To protect against the risk of nursing home and other long-term care costs, the insurance industry developed long-term care insurance. Generally it works like this: If you cannot perform a certain number of daily activities, the insurance will be triggered. The policy will then pay out a specified per-day amount, for example \$150 per day, which is not enough to cover long-term care costs. Usually people will buy the long-term care policy with an inflation rider. As a result, the per-day payout will increase over time (usually 5% a year maximum). Hopefully, the inflation rider will help the policyholder keep up with or outpace inflation, but rarely does it outpace or keep up with the rising costs of long-term care which tends to increase at a rate greater than inflation. Long-term care insurance, however, isn't what it used to be.

Many companies have stopped selling long-term care insurance because they were losing too much money. MetLife, Inc. and Prudential Financial, Inc. have stopped selling it altogether. Those big insurers that remain, like Genworth Financial, Inc. or John Hancock Life Insurance Co., may be forced to increase premiums on policy holders to stay profitable in this very difficult market. This shows the history for the long-term care industry has been an extremely turbulent one, especially when compared to the life insurance market. Using Pennsylvania as an example, 95 companies were previously approved to sell long-term care insurance: Now only a few remain and only about 12 still sell it nationwide.

The low interest rate environment we are currently in has only made things worse because insurance companies will have to increase prices in order for them to pay claims. These price increases are painful and most policy holders would find it impossible to find a replacement. Despite the price increases, Stuart H. Fine, a former hospital CEO and executive in residence at Temple University's Fox School of Business

thinks that “In most cases, I expect that prices to be charged for new policies being issued in the next few years will be even higher.” With this in mind, the marketplace for long-term care insurance will likely get worse before it gets better.

Long-term care insurance is expensive and becoming even more expensive, which is one reason why the majority of people in nursing homes end up on Medicaid (Title 19). They either lack the insurance to cover the cost of care or lack the resources to pay out of pocket for the cost of care. The good news is with careful asset protection planning, you can still protect your children’s inheritance and keep your spouse from having to spend all of their assets on your care. You can even help yourself by setting assets aside so that when you do go to the nursing home, you can move to a private room instead of a shared one. Planning ahead is critical, but it is never too late to plan. How will you pay for long-term care costs?

**“Those Who Plan Ahead Win.  
Those Who Don’t Plan Ahead Lose.”**

This article is for informational purpose only and is not intended as legal advice. It is recommended that you call Timothy P. Crawford for a free conference to discuss your situation in more detail. Attorney Crawford can be reached at 1-262-634-6659. Please refer to this article when you call.

\*Attorney Timothy P. Crawford is a Nationally Board Certified Elder Law Attorney (CELA). He has been Board Certified by the National Elder Law Foundation which has been approved as the Sole Certifying Organization for Elder Law Attorneys by the American Bar Association.

\*\*Timothy P. Crawford was invited to join the Council of Advanced Practitioners (CAP) of the National Academy of Elder Law Attorneys (NAELA) in August of 2005. CAP is a small group of premier elder law attorneys, all of whom have been members of NAELA for at least 10 years, are certified as elder law attorneys by the National Elder Law Foundation, and are AV rated by Martindale Hubbell, a service that provides an independent rating of the quality of attorneys, as one of the top attorneys in the nation.

Attorney Timothy P. Crawford has been selected as a **Fellow** of NAELA. **Fellow** is the highest honor bestowed by the Academy. Selection as a **Fellow** signifies that his peers recognize the lawyer as a model for others and as an exceptional lawyer and leader.

Attorney Timothy P. Crawford has a superb rating of 10 out of 10 with A V V O.

A V V O has awarded to Attorney Timothy P. Crawford the A V V O Client’s Choice Award.

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to Protect Their Assets from Nursing Home Care Cost"**

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