

**Clark County Chamber**

**“PROTECTING YOUR RETIREMENT FUNDS”  
by Philip Shields, CLTC**

**Philip Shields is an independent Certified Long Term Care Specialist**, ranked #1 in the state of Washington for 2004 and 2005, based on placed premiums. He is appointed with 12 strong carriers and works exclusively on long term care insurance cases. His next **free public seminar will be February 7**, sponsored by Columbia Credit Union, from **6:30- 8 pm** at their Administration Building in Cascade Park, at **200 SE Park Plaza Drive**. **Call 360.687.1838** to reserve your seat or to receive more information in the mail.



I have only 20 minutes today, so I want to focus on the biggest single threat to your retirement funds - especially in the years after you retire.

**Life expectancies:** In 1900 life expectancy was about 44. By 1935 it had improved to 63. Today, life expectancy is easily in the late 70's and we routinely see and know people in their 90's. We have 76,000 Americans today who are over age 100. By 2050, the government expects well over a million – perhaps several million – will be over age 100. Those are the Baby Boomers who live a long time. We have 78 million baby boomers, and the oldest baby boomers are already turning 60.

***How many of you expect to live a long time?***

That's a double-edged sword. If you live a long time, you are probably reasonably healthy today. **But by living a long time, two things can happen: you can easily outlive your funds. Secondly, you become a more likely candidate for needing long term care.** Most of you intuitively know that a 90 year old is more likely to need help getting around and help with daily activities, than a 50 year old. So if you do live a long time, you probably have a very high chance of needing help in the last few years of that life.

Possibly outliving your retirement funds is a matter you and your financial planner need to be discussing.

But keep this in mind: More and more financial planners recognize and admit that the biggest *involuntary* threat to the planning they are doing is an unexpected long term care stay. Why? Because Long term care is not paid for by anyone's health insurance, nor is it covered by Medicare. This means you pay for those costs yourself – unless you have long term care insurance to protect your funds and to provide you with more options.

Long term care (LTC) in Clark County today already averages above \$55,000 *per year* in a nursing home – if you were paying the costs yourself. An Assisted Living facility with care would be slightly less. But now double those expected annual costs every 12-15 years and you figure it out: *how would even a two or three year stay impact your retirement funds?*

**Long term care insurance pays for the costs of long term care whether you receive that care in your own home, Assisted Living facilities, Nursing homes, or adult family homes.** This protects your retirement funds against the #1 involuntary threat to your savings that you face.

If you believe the government won't allow your funds to be depleted by long term care costs -- think again. It's already happening to thousands of retirees. In fact the government's record is to *tighten* eligibility rules for Medicaid, for example. The current Budget Deficit Reduction Act in front of Congress as we speak makes eligibility tougher, with longer "look back" periods and more restrictions.

I personally do not wish to become a ward of the state and have the government dictate to me what I can -- or can't -- quality for!

Once again, the main concern we should have is not even what long term care costs are today -- but what they will be in 15-30 years. The costs for a retiree receiving care could torpedo the well spouse's retirement future (remember Washington is a community state).

This is why the Federal government itself came out with their own voluntary long term care plan a few years ago, for current and retired Federal employees and their spouses. But the retiree or employee still has to pay for it themselves. This is also why financial magazines and newspapers over the past few years have strongly endorsed the idea of buying long term care insurance.

**LTC coverage is not for everyone. It is not appropriate for someone struggling to make ends meet.** If you have retirement funds and assets to protect, and don't wish to be a burden to your loved ones, then it would be appropriate to look into LTC insurance.

Having LTC insurance helps you receive care where you're most likely to want it: in your own home. It also covers the costs of care in nursing homes, assisted living facilities and adult family homes.

**But you're only 48 or 52 you say? Isn't that too young? Absolutely not.**

The irony is this: even though you would pay the premiums for many more years than if you waited until you were 65 years old to start, your total outlay will be thousands of dollars less, even assuming you don't use the care until you're in your 80's! Premiums are based on the age when you apply. By starting younger you are far more likely to qualify for "preferred health" discounts, marital discounts -- and premiums are so much less. Every few years companies come out with a new policy series which replaces the one they had been selling. The new policies usually are 20-30% higher priced for those who hadn't bought yet and rarely have new features that justify the higher price. So buying now means you get an excellent policy at a much lower premium than you'll pay if you wait 5-6 years to buy a policy. I would recommend anyone 50 and over should be looking into this now.

**Biggest mistake people make? Waiting too long before they buy.** Too many wait until their health record changes and they have made themselves uninsurable. If we were talking about house insurance, you'd instinctively know that you need the insurance in place before smoke is coming out the windows. Same with LTC insurance: you need it while your health is excellent.

If you're over 45, if you or your parents are late 40's or older -- don't put off learning about LTC coverage. And don't forget, if there's a business involved, you may qualify for additional discounts.

**Call me if you have any questions: Philip Shields 360.687.1838**

Remember also the seminar coming up **Feb. 7, 6:30- 8 pm**, Columbia Credit Union Admin Bldg.

