

Long-term care insurance

Answers to frequently asked questions

If you are at all concerned about the quality of life you will have as you age, you owe it to yourself to explore what you can do now to help maintain as much control over future critical decisions as possible. One choice you may face is the type of care you will receive if you need assistance performing everyday tasks. Would you be able, financially, to receive the type of care you prefer?

Without a long-term care strategy in place, your nest egg may be the only source of funds to pay for these expenses. If you'd rather not spend-down your savings to qualify for government care or you've got other plans for the savings you've accumulated, consider long-term care (LTC) insurance.

What is LTC insurance?

LTC insurance is coverage you can purchase to help pay for assistance if you can no longer care for yourself. It offers protection for your nest egg against the high costs of extended health care if you become physically impaired, usually due to chronic illness or a degenerative condition. In exchange for your premium, most policies pay a fixed dollar amount for care you receive in a variety of settings, including your home.

What should I look for in LTC insurance policies?

Consider providers that are A-rated and have been in the long-term care insurance business for 10 years or more. Companies such as A.M. Best, Standard & Poor's (S&P), Moody's Investors Service, and Fitch Ratings evaluate providers based on their claims-paying ability, history of raising premiums, financial statements, investment records, customer satisfaction and more.

When is a good time to buy LTC insurance?

The day you need long-term care may seem far-off, but unfortunately, 40% of the 12 million Americans receiving long-term care are under the age of 65.* Remember – accidents or illness can also lead to the need for long-term care.

In answering this question, you must also keep in mind that your health determines whether you qualify for LTC insurance and is considered when your premium is calculated. The premium amount also factors in your age at the time you take out a policy.

*"A Guide to Long-Term Care Insurance," Health Insurance Association of America, 2003

What are the costs of different types of long-term health care?

To find the average cost for a nursing home, assisted living facility, adult day center or home health aide in your state, see the table below. The answers may surprise you. This information was taken from two surveys done by the MetLife Mature Market Institute. These dollar figures represent an average cost based on a sample of long-term care services/facilities in your state for 2008. Your actual costs will vary. Use these costs as a guide in your long-term care planning.

	Assisted living ¹	Nursing home ²	Home health aide ³	Adult day care ⁴		Assisted living ¹	Nursing home ²	Home health aide ³	Adult day care ⁴
AK	\$55,740	\$210,605	\$25	\$80	MT	\$33,480	\$ 63,510	\$19	\$83
AL	29,100	60,955	18	34	NC	35,856	70,080	17	46
AR	27,468	55,480	16	53	ND	23,760	54,750	20	73
AZ	35,364	78,110	21	79	NE	28,884	57,670	22	62
CA	37,584	90,885	22	74	NH	44,784	97,090	26	60
CO	37,452	73,000	24	66	NJ	48,108	104,755	21	81
CT	51,432	132,130	27	73	NM	33,264	68,985	18	61
DC	52,968	107,675	19	100	NV	31,332	77,745	19	79
DE	48,636	87,235	21	65	NY	40,344	114,610	21	79
FL	32,967	79,570	17	54	OH	35,844	74,095	19	51
GA	32,784	62,415	17	57	OK	28,152	55,845	18	47
HI	42,792	111,690	23	59	OR	33,924	84,315	20	91
IA	29,088	56,940	23	51	PA	34,152	88,695	20	57
ID	34,164	70,080	18	91	RI	39,828	89,790	24	60
IL	41,328	73,730	20	58	SC	32,712	66,795	17	48
IN	30,876	71,175	22	77	SD	28,092	61,685	21	60
KS	32,832	53,655	18	77	TN	33,684	62,780	20	56
KY	33,972	67,160	20	67	TX	34,584	64,605	17	40
LA	27,816	48,180	16	48	UT	29,100	70,080	24	53
MA	50,304	110,230	25	56	VA	43,812	73,730	17	60
MD	44,908	90,520	19	76	VT	52,500	90,520	24	141
ME	54,852	93,075	21	90	WA	33,588	86,870	22	62
MI	36,316	74,095	19	70	WI	38,496	78,840	22	54
MN	30,288	54,385	28	64	WV	35,196	74,095	17	66
MO	31,536	53,655	18	67	WY	32,892	68,255	21	77
MS	30,492	67,160	16	49	U.S. average	36,372	77,380	20	64

¹Assisted living rates are for a private room with private bath and typically at least two meals per day, housekeeping and personal care assistance.

²Private room rates were obtained from nursing homes that are licensed, provide both skilled and custodial care, and have a private pay rate for custodial care, not the Medicare or Medicaid reimbursed rate.

³Hourly rates for home health aides were obtained from licensed (if required by the state) agencies. Typically, a home visit from a home health aide lasts longer than an hour. Home health aides assist with activities such as bathing, dressing and toileting.

⁴Daily rate for adult day care services.

Will I need LTC insurance?

Although there is no guarantee that you might need long-term care, statistics indicate reasons you should think about it now:

- People currently turning age 65 will need LTC for three years, on average.*
- Nearly one out of every four households (23% or 22.4 million households) is involved in caregiving to persons aged 50 or older.†
- It is estimated that Americans spent \$57.3 billion in 2007 for home health care.‡

Do Medicare or Medicaid cover long-term care?

Probably not. Medicare funding is restricted to medically necessary, acute, skilled care — such as the care you would receive at a hospital or skilled nursing facility. Benefits are generally limited to 100 days.

LTC insurance benefits, on the other hand, are intended for the help you need performing the activities of daily living if you have a chronic condition. As noted, it is the kind of care you may receive in a nursing home, assisted-living facility or your own home.

Medicaid can cover some long-term care needs, but programs and eligibility vary from state to state. Your ability to choose the type of care you receive may be compromised when you rely on Medicaid — it may not cover care received in your home, and not all facilities accept it. And if you have built a nest egg, you probably won't qualify for Medicaid; in general, you must have \$2,000 or less in savings and other assets.

What if I don't use my policy? Can my spouse?

Depending on the policy you choose, your spouse could potentially gain from your unused policy. In general, you would have to opt for a separate shared-care or survivor benefit rider for an additional charge to receive this benefit.

Can LTC insurance pay for in-home care?

You probably think of long-term care insurance as a way to preserve your lifestyle from the high costs of nursing-home care. But today, LTC policies offer benefits for the care you receive at home as well as in a nursing home, assisted-living facility or adult day-care center. With LTC insurance, you can:

- Receive care in the comfort of your home
- Choose your caregiver
- Minimize disruption to your lifestyle
- Remain more independent

**"Long-Term Care Over An Uncertain Future: What Can Current Retirees Expect?" Inquiry, Vol. 42, No. 4*

†U.S. Department of Health & Human Services, womenshealth.gov, 2006

*‡U.S. Department of Health & Human Services Centers for Medicare & Medicaid Services, *National Health Expenditure Projects: 2005-2015**

Are all LTC policies the same?

No. Factors you need to consider when purchasing an LTC policy go beyond just premiums. Insurers offer policies with a wide assortment of features and options. When purchasing LTC insurance, you should ask about how the policy addresses the following:

- Inflation
- Benefit period
- Deductibles or waiting periods
- Prior hospitalization requirements
- Premium increases
- Service providers
- Third-party notification
- Alzheimer's coverage

Are there different types of LTC insurance?

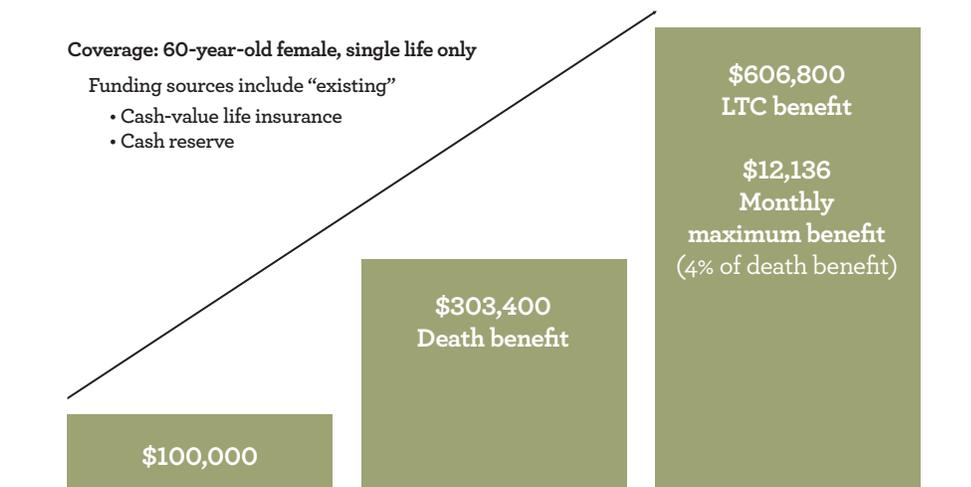
LTC insurance is available in the form of a traditional LTC insurance policy or as part of a specialized life-insurance policy.

With a traditional LTC policy, you have the ability to customize the policy's benefits and features to emphasize what is most important to you. These include tax-free benefits that may increase over time to help offset inflation, the ability to share a policy with your spouse rather than purchase individual policies (which may result in lower premiums) and the ability to tailor your policy to fit your financial needs.

A specialized life-insurance policy is a unique type of life insurance that effectively combines LTC protection with a life-insurance death benefit. In these policies, the value of your death benefit is available to pay for covered extended health care services after the elimination period has been satisfied. Also, your policy's benefit value could be increased up to 200% or more of the initial specified death benefit to help you meet long-term care expenses.

This type of policy avoids the "use-it-or-lose-it" aspect of traditional LTC insurance. With specialized life insurance, if no long-term care benefit is paid prior to death, an income tax-free death benefit will be paid to the policy owner's beneficiary upon death.

Universal life insurance with LTC benefits



You can count on us

Your Financial Advisor can help evaluate your need for LTC insurance and help select a policy to suit your needs.

What are ADLs and why are they important?

Depending on the policy you choose, LTC insurance can provide benefits for the care you receive in almost any setting, whether it be a nursing home, your own home, an assisted-living facility or adult day care. Typically, to qualify for benefits you must be unable to perform two of the six activities of daily living (ADLs). You may also qualify for benefits if you suffer from cognitive impairments, such as Alzheimer's disease.

ADLs include:

- Bathing
- Continence
- Dressing
- Eating
- Transferring*
- Toileting

**The ability to move in and out of a bed, chair or wheelchair.*

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