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## Is Long-Term Care Insurance Through Your Employer a Worthwhile Option?

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As Baby Boomers watch their aging parents grow frail, long-term care and its escalating costs are of increasing concern to mature workers.

With 2007 nursing-home care averaging \$75,000 annually, according to a Genworth Financial survey and assisted-living and home-care costs rising, forward-looking Boomers are considering the purchase of insurance to help cover these expenses.

Some employers -- recognizing an opportunity to boost retention of experienced, high-value employees -- have begun adding long-term care insurance to their employee benefits packages.

Should you buy a long-term care plan through work, on the individual market or just opt out and hope for the best? It depends on which tradeoffs you want to make between premium costs and coverage features and benefits.

### Plan A: Long-Term Care Insurance from Your Employer

One advantage of an employer plan is usually lower cost. "With a group plan offered by an employer, the premiums are usually lower than an individual policy," says Brad Levin, a vice president with financial planning firm Householder Group in Encino, California.

A typical employer plan will have "a cost to the employer of \$120 per insured annually, for a 42-year-old," says John Noble, director of long-term care products at insurer Unum Corp., which sold nearly 1,000 new plans to employers in 2006. "The employer funds a base plan, and the employee pays for any additional coverage, which usually adds up to \$500 to \$600 for a plan with good features."

Compare this to an individual policy, which might cost a man in his early 40s \$1,000 or more each year, depending on the features.

Group policies may offer lower premiums, but they usually provide fewer options. Even so, you still need to ask a lot of questions. Long-term care coverage is more complex than life insurance, no matter who offers it.

"I just bought long-term care insurance," says Steven Koob, manager of employee financial benefits at Children's Memorial Hospital in Chicago, which offers a program for employees to buy individual policies from a number of insurers at a discount. "It took me two years to make the decision, and I'm a benefits person."

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Another concern: Long-term care insurance is worth little if you lose coverage due to a change in the three-way relationship between you, your employer and the insurer. "If you leave the employer, or the employer ends its contract with Unum, the only thing that changes is that the bill goes to you," says Noble. Keep in mind, your policy will be useless if you can't afford the continuing premiums in retirement when your income will likely be lower.

#### Plan B: An Individual Policy

No matter how simple or inexpensive, it makes no sense to buy a policy at work that doesn't provide the coverage you need or want.

One approach is to speak with an independent insurance expert about the features you'd like to have -- from eligibility of home-care costs to duration of coverage -- and compare that to what's available from your employer's plan.

"I always suggest that people buy individual coverage, because it offers independence, flexibility, portability and the ability to go to court" against the insurer if the insured believes a claim was wrongly denied, says Frank Darras, an Ontario, California, plaintiff's attorney specializing in insurance claims.

Whether you're considering an individual plan or an employer-provided group policy, "ask if the insurer has ever sought a rate increase on any long-term care policy," says Darras. "The biggest scam coming is premium increases."

#### Plan C: Opting Out

The ongoing cost of a long-term care insurance policy is an important consideration. If you will be retiring with minimal savings, it may make sense to go without insurance, because Medicare will pay for some care -- just not at the level you'd wish for yourself. On the other hand, if your savings, inheritance, investment gains or Lotto winnings are substantial, you could self-insure and pay for long-term care out-of-pocket.

But for workers in the middle, does investing in a long-term care policy make sense? Would boosting 401k contributions and other investments offer the same or greater benefits?

That's a question worth investigating with an independent financial advisor, who can look at tax consequences and the costs and benefits of various insurance scenarios in the context of your total financial picture.