



## Build long term care insurance into your plan

### Cover yourself and build a more secure financial future for loved ones

Florinda and John are both 57 years old with two adult sons and three grandchildren. This hard-working couple and their children immigrated to Canada more than 35 years ago. While life here has been bountiful, it hasn't always been easy.

Challenged with learning a new language, limited education and no extended family close by, Florinda and John have worked hard and saved conscientiously to realize their dream of a comfortable, carefree retirement. They plan to retire from their current jobs in about five years to enjoy the fruits of their labour.

The only dark clouds on the horizon are the reports Florinda and John have been reading about rising health-care expenses due to increased demand from a "greying" population. If their health care costs more than they've budgeted, will they outlive their retirement

savings? Will they be able to retire as planned in the next few years, or will they be forced to keep working full-time, just to pay for the basics?

Another worry is the high cost of long term care services in Canada. In previous generations, this wasn't as much of an issue, when the younger family members traditionally cared for their elders.

For this Canadian couple, though, depending on extended family isn't an option. Their sons and their wives are busy raising young families and working full-time. While they know their sons would do whatever they could to help, Florinda and John don't want their kids and grandkids to worry about them or be financially burdened. Completely in character, they are determined to be independent.

After a sleepless night, John arranges to meet their financial advisor to review their retirement plans and to make sure they've included a long term care strategy that will work with their financial goals.



At the meeting, it doesn't take much to pique Florinda and John's interest when their financial advisor mentions long term care insurance. They want to be sure they've thought of every angle, including their future care.

And they've come to the meeting with a list of questions many people in their generation share.

### **WHAT IS LONG TERM CARE ANYWAY?**

Florinda and John's advisor explains that long term care is the help people need when they can no longer perform daily activities such as eating, bathing or dressing. Care can be received at home or in an assisted living facility, adult day-care centre or nursing home. Nowadays, most elderly Canadians prefer to "age in place" and live independently rather than leaving their homes, either for a long term care facility or to live with their children.

We tend to take for granted our ability to perform routine activities, but as we age, the advisor adds, physical or mental impairments can gradually start to interfere with our independence.

### **Examples of activities that keep us living independently**

- Using the telephone (dialing, looking up numbers)
- Shopping for groceries or clothes
- Preparing meals
- Doing housework
- Taking your medicine (the right dose at the right time)
- Handling your own money (paying bills, writing cheques)
- Feeding yourself
- Dressing and undressing
- Taking care of your appearance (combing hair, shaving for men)
- Taking a shower or bath
- Getting in and out of bed
- Getting to the bathroom by yourself





## **WHAT ARE THE CHANCES WE'LL EVEN NEED LONG TERM CARE?**

Increasingly, baby boomers aged 40 to 60 years are dealing with the pressures of looking after elderly parents. One-quarter (25 per cent) of those whose parents are still alive (or 18 per cent of all boomers aged 40 to 60) have one or more parents who need their assistance on a regular basis.<sup>1</sup>

In the general Canadian senior population, mobility problems are the most common limitation, affecting 1.1 million seniors or eight out of 10 of those with a disability. Arthritis and injury are the most common causes of such limitations, and the severity of the condition tends to increase with age.<sup>2</sup>

Memory problems are also very common, causing activity limitations for 150,000 seniors.<sup>3</sup> Women typically outlive their husbands by many years and often adult children are unable to care for them, the advisor points out. More than three in four (78 per cent) nursing home residents are women.<sup>4</sup>

In a survey of Ontario nursing home residents, 86 per cent had a limitation associated with continence, 72 per cent with transferring in and out of bed, 60 per cent with going to the bathroom and 39 per cent with eating (statistics for bathing and dressing were not provided).<sup>5</sup>

## **THE GOVERNMENT WILL SUPPORT US WHEN WE NEED HELP, WON'T IT?**

Florinda and John's advisor shakes his head slowly. He emphasizes, however, that long term care insurance can provide essential services and the best possible level of care.

The advisor goes on to explain that currently, if you are confined to a nursing home, the government covers the majority of medical expenses but you are responsible for a portion, if not all, of the accommodation costs. These costs can vary depending on the chosen facility, type of room and degree of government subsidization.

Home care is generally less expensive, but you may end up paying for more of the costs out-of-pocket. That's because home care is not currently considered essential health care under the Canada Health Act, so each province provides varying levels of support.

For example, you may pay for some or all of the costs of private nursing (currently around \$300 per day<sup>6</sup>) or rehabilitation therapy (up to \$100 an hour).

Even if family or friends are providing most of the care "for free," it's vital to provide them with the occasional break. Such respite care typically costs around \$150 for an eight-hour shift (based on an average fee of \$19 per hour).

The beauty of long term care insurance is that if you are confined to a nursing home or require home care, the insurance company pays a daily benefit (from \$20 to \$300 each day, depending on the policy; \$100 is the average<sup>7</sup>), regardless of how many expenses are covered by the government.

### **WHAT ABOUT THE GROUP LONG TERM DISABILITY INSURANCE WE HAVE AT WORK?**

Long term care coverage is disability insurance protection targeted to a different stage of life – retirement years versus working years. The advisor reminds Florinda and John that their group long term disability insurance plans will end when they stop working or retire.

### **HOW CAN LONG TERM CARE INSURANCE BRIDGE THE GAP BETWEEN GOVERNMENT PROGRAMS AND PRECIOUS RETIREMENT SAVINGS?**

Florinda and John's advisor explains that long term care insurance works well for people who:

- Have retirement assets they want to preserve
- Are concerned about having enough retirement funds to provide for personal care

- Want options regarding the quality of their care
- Don't want to rely on government programs for care
- Don't want to burden family members with care-giving duties

Long term care insurance can protect Florinda and John's assets from becoming depleted if a serious illness or cognitive impairment means they require assistance with Activities of Daily Living.<sup>8</sup>

### **CAN WE AFFORD LONG TERM CARE INSURANCE?**

Long term care insurance is more affordable than many people think, the advisor says, especially when purchased before retirement. If they buy a policy now, when they're healthy, Florinda and John can avoid the risk that they won't qualify for coverage in the future, due to health problems.

Long term care insurance protects more than retirement savings. It's about being able to maintain dignity and make choices about how you'll live your life – basic rights that every human being should have.

That's exactly the reassurance Florinda and John needed to hear right now from their advisor. And they were pleased to learn that they're good candidates for long term care insurance because they're both in good health.





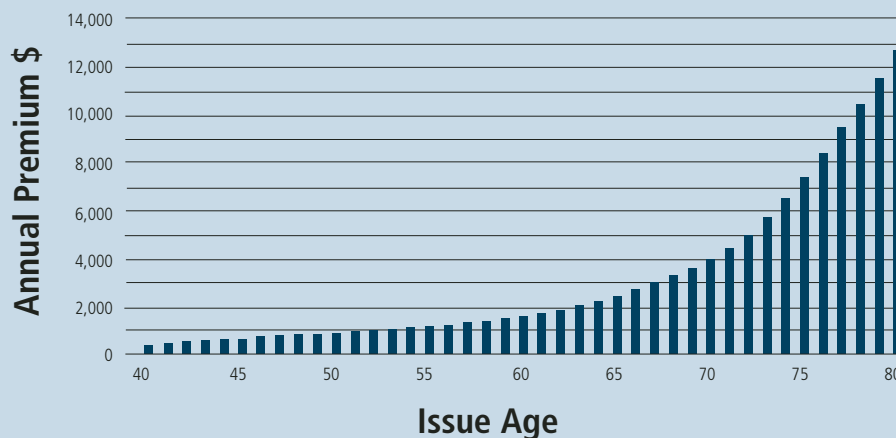
After talking it over with their sons, Florinda and John purchased a long term care insurance policy. While they can't predict what the future will bring, they're certain that they've done everything possible to help protect

their retirement dreams by planning for their long term care needs today.

And their sons can sleep a little easier, too!

**Long term care insurance protects more than retirement savings. It's about being able to maintain dignity and make choices about how you'll live your life.**

## Cost of Long Term Care Insurance



<sup>1</sup> Globe and Mail, "State of the Baby Boomers," June 2006.

<sup>2</sup> Statistics Canada, A Profile of Disability in Canada, 2001.

<sup>3</sup> Statistics Canada, A Profile of Disability in Canada, 2001.

<sup>4</sup> Commitment to Care: A Plan for Long-term Care in Ontario, Ministry of Health and Long-Term Care, Spring 2004.

<sup>5</sup> Commitment to Care: A Plan for Long-term Care in Ontario, Ministry of Health and Long-Term Care, Spring 2004.

<sup>6</sup> Based on an average salary of \$27 per hour, for an eight-hour day, plus administration costs (2005).

<sup>7</sup> Based on Manulife Financial issue limits and average face amounts (2005).

<sup>8</sup> Persons must need assistance with at least two of the following Activities of Daily Living: bathing, continence, eating, dressing, toileting, and transferring in and out of a chair or bed. The definition of Activities of Daily Living under long term care insurance may differ from plan to plan.

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