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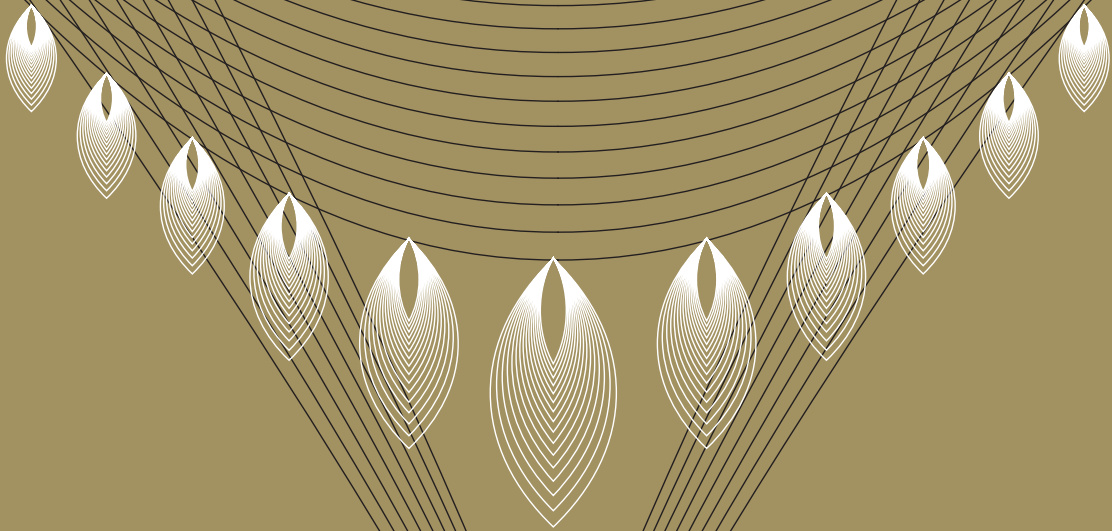
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Waldron Private Wealth

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“As insurance premiums for long-term care rise, which plans should I consider, and when?”

By Jim Mendelson

One question planners hear from clients over and over again is, should they be doing anything to protect their families against long-term care expenses? As life expectancy continues to rise, the chances of spending some time in an LTC facility continue to go up.

According to the National Association of Insurance Commissioners, the lifetime probability of requiring LTC assistance is 68 percent for people age 65 and older. Furthermore, 44 percent of people reaching age 65 can be expected to enter a nursing home at some point. When you factor in the potential cost of this care, which can easily exceed \$100,000 per year, whether or not to purchase LTC insurance is not a decision to ignore—a scenario which occurs far too often.

Historically, people have looked to LTC insurance to cover off on this risk. Unfortunately, it's not that simple. Purchasers of LTC insurance face a host of challenges, including ever-increasing costs with no cap on how high the costs may go. Many who have had policies for years are now faced with difficult choices: pay a significantly higher premium, dramatically reduce the level of their coverage or let the policy lapse. Even if they decide to pay the higher

premiums, they have no guarantee that there won't be even greater price hikes in the future.

As a result of the issues associated with LTC insurance, people need to consider all of their options. One, simply, is to self-insure. This can be a very viable option for those that have the financial resources to cover the potential costs. Unfortunately, most people don't have this luxury, and find it challenging to determine whether, in fact, they are in a position to self-insure. The financial consequences of choosing this option may be devastating to those facing significant long-term costs over an extended period of time.

A second option is to consider a relatively new product that blends LTC insurance with a life insurance policy. Offered by many of the well-known carriers, these products are typically built around a universal life policy with an investment component. Essentially, if you meet the conditions to begin withdrawing for LTC, you accelerate a portion of the death benefit. In other words, you are permitted to use part of the death benefit while you are alive to cover LTC expenses. Whatever isn't used

for LTC costs is paid out in a traditional death benefit.

A third option is to purchase an annuity that has an LTC enhancement. There are a variety of products available but they all basically work the same way. With an annuity, you typically begin to take withdrawals at the time of your choosing. The longer you wait, the higher the withdrawal amount may be. These withdrawals typically may be taken for the rest of your life. If, however, you enter an LTC facility, the withdrawal amount will be enhanced in some way. For example, many times you will be able to double your withdrawal rate while in LTC. Although this won't necessarily cover all of your LTC costs, it certainly can play a meaningful role in covering these expenses.

As can be seen, there is no perfect solution for how to protect against potential LTC expenses. Depending on your circumstances, any of the above options may be appropriate for you. What's important is to evaluate your particular situation, understand what the potential financial consequences of LTC expenses might be, and devise a plan that makes sense for you. The one option you want to avoid is ignoring the risk. 🌐

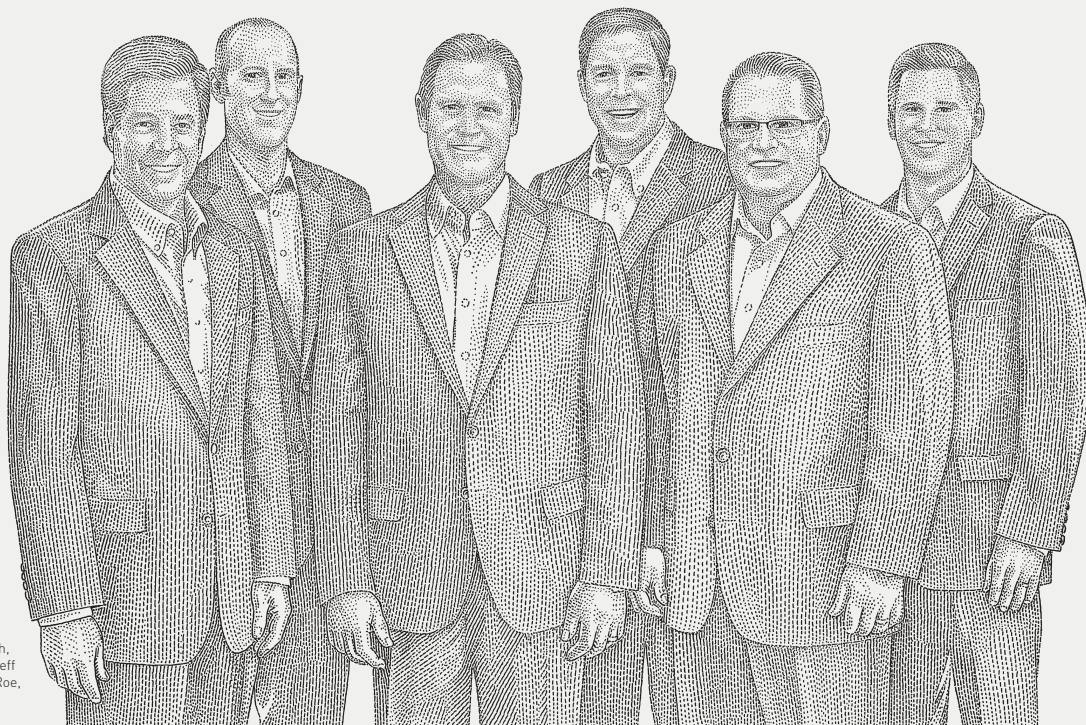
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—Jim Mendelson

How to reach **Waldron Private Wealth**

You can reach Waldron at 412.221.1005, and we would be happy to discuss our process and approach with you.



Left to right:
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About Waldron Private Wealth

Waldron Private Wealth is a boutique private wealth management firm that advises a select group of high net worth individuals, families and family offices. By limiting the number of clients it serves, Waldron can offer greater focus on how to best simplify the complexities of significant wealth, so all clients can achieve what's important in their lives. Waldron's advisory team is prepared to serve its clients across a wide range of key financial disciplines. The advisory team includes: three CPA's, seven CFP's, an attorney, a certified divorce financial analyst and three members holding certificates from the Institute for Preparing Heirs.

Financial Services Experience
112+ years (combined)

Assets Under Management
\$1 billion (as of 12/31/13)

Minimum Fee for Initial Meeting
None required

Minimum Net Worth Requirement
**\$5 million (planning services)
\$3 million (investment services)**

Largest Client Net Worth
\$250 million+

Compensation Method
Asset-based (investment services), hourly and fixed fees

Primary Custodians for Investor Assets
Fidelity Family Office Services and Pershing

Professional Services Provided
Planning and investment advisory services

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