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White paper

Creative care design

Customizing a plan with cash indemnity benefits

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Key highlights

- Cash indemnity benefits allow for greater flexibility in LTC planning
- Care planning should be tied to retirement plan and location

Planning for long-term care (LTC) can feel like a daunting task — especially when individuals or couples feels limited by traditional choices for care. And unfortunately, too many people equate "long-term care" with nursing homes. In truth, there are numerous options for care, limited only by the imagination when you fund your potential LTC needs with cash indemnity LTC coverage.

Cash indemnity

LTC benefits are generally paid in one of two ways — reimbursement or indemnity. A reimbursement plan will only pay for qualifying LTC costs covered by the policy, up to the benefit limit — and bills and receipts must be submitted each month to get the benefits.

By contrast — cash indemnity pays the full available monthly LTC benefit. Once you are approved for claim, there is no monthly paperwork or proof of expenses to send in — you just receive a monthly cash benefit to use with no restrictions placed by the insurance company. Designing a plan using cash indemnity benefits will allow for the broadest flexibility in your plan and LTC benefit use.

Creative care design

Imagine you had cash in hand to pay for care with no restrictions from the insurance company. No bills or receipts to submit each month, and no worries about what might or might not be covered by your policy. Just think of what would you make you happiest if LTC services were needed. The following steps can help you create a design for care, and we will explore each one in more detail.

- Imagine the care you would prefer to have if there were no restrictions
- Where and whom are you most comfortable with?
- Think of changes your home would need for you to remain safe if needing LTC services?
- Tie your care plan to your retirement plan and location

- Think about family involvement
- Research your ideas
- Connect the dots
- Have a backup plan thought out
- Fund the plan

Imagine care with no restrictions

Write down everything you can think of — even if it sounds hare-brained — because what once sounded odd may make sense after you have gone through all the steps of putting your plan in place.

- "I want to live near the beach so I can wiggle my toes in the sand, even if I'm old, infirm and in a wheelchair"
- "I've had a great life with more travel and experiences than most. I never had kids, and never remarried after my wife died. I would love to live with a family who could help care for me and let me share my life's experience with them — and maybe have a chance to teach the kids (and even their parents) about the world and what it has to offer.
- "I love my home. I bought this place when the neighborhood was just starting to revive and I put a lot of my heart, soul and labor into this house. I can't imagine leaving my sun room and the view of my garden. It's a two-story house, but with some thought I might be able to stay here safely if I were to need care.
- "I don't like the idea of going to a facility for care, and I don't want strangers coming into my home to take care of me. I hear that robots will be the wave of the future. I like that idea — it may help me receive the care I may need in my own home while retaining my privacy."

Where and with whom are you most comfortable and familiar?

Happiness for many people means being surrounded by the people they love and being in a place that is comfortable and familiar.

- "I have had the same two best friends since college. We always said we want to be together in our old age. Whether we share a home, move to a continuous care retirement community or move to the same facility, I just know life will be fine as long as we stay together."
- "Grandma lived with us the last few years of her life. I know it was hard sometimes for my mom, but that's because she didn't have resources to help her juggle her responsibilities of being a mom and taking care of Grandma. But it was the best time of my life growing up. Grandma taught me things and loved me in ways different from mom and dad. If my daughter were willing, I would love to live with her and have her care for me – and provide my grandsons that same love and learning that I experienced with my grandmother."
- "I love the desert and being out west. I can breathe there. I'd like to find a way to be there in retirement and when it's time for needing help with my care."

What changes would need to be made to your home for it to remain safe to live in?

Studies show that the majority of people would prefer to stay in their home as long as possible to receive care.[1] But home care requires planning — most importantly for safety and accessibility. You will want to think about the pitfalls your home presents and how to solve the problems.

- "I have a two-story house, but there is only a half bathroom downstairs — so moving my bedroom to the dining room would create a problem with no place for bathing"
  - Solution — A stair chair. Installing an electric chair that rides a person up the stairs would solve the problem as long as the person can still transfer in and out of a chair.
- "My shower is a bath tub/shower combo. I can see the day where stepping over the tub could get difficult. It's also a bit slippery, and I may not be as sure footed down the road.
  - Solution #1 – Install safety bars so that there is something to hold onto while stepping into the tub. Also, have the tub resurfaced and include a non-slip floor.
  - Solution #2 – If there is room, remove the current tub/shower and replace with a walk-in bath tub. That would eliminate the need to "step over" the edge of the tub.

Tie your care plan to your retirement plan and location

Where do you want to retire to? Your plan should reflect this location when considering:

- LTC services that might be available
- The cost of long-term care and other services you envision
- How convenient your retirement location will be for your children to reach should you need their assistance with handling your affairs

Having a decision made on where retirement will take place will allow you to better pinpoint opportunities for care.

Think about family involvement
If you have family that you want participating in your care, think about how much involvement you may wish or need. Some people may want caregiving directly from family members (or friends) - while others may want physical caregiving to come from another source, with family support saved for help with financial decisions, bill paying, going on doctor's appointments and other advocacy.

Family support should be discussed up front with the people you want involved in your care to make sure they are both willing and able. They can then help you design options that will work for your needs as well as theirs. This discussion should be re-addressed annually to make sure people are still on board and to account for life changes such as death, divorce or relocation. For example:

- "My son is looking to change jobs and I am about to retire. We have all decided to move to Florida so my son and his family will remain close by should I need help."
- We are only 20 minutes away from our daughter and her family. But she reminded us that 20 minutes might as well be 20 miles if she has to make several trips a day to help us. A one floor house just two doors down from her just went on the market, and she would like us to buy the house and move into her neighborhood. We can help more with the grandkids now — and they can all help us later as we age."

Research your ideas
The best laid plans will go amiss if you have not done research in advance to see if the services you seek or plans you have created are available where you plan to live.

- You are single and want to live with a family when you need care.
  - Make sure Foster Care for the Elderly programs are available in the community you plan to live in
- You want to add a full bath to your main floor so you can convert the formal dining room to a bedroom when climbing stairs is no longer possible.
  - Consult a contractor now to be sure this can be done. You want to make sure you have time to adjust your plans before timing and need becomes critical.

Connect the dots
Once you have imagined how and where you would like to receive care, and have walked through the other steps, you can connect the dots for a customized plan. Using some of the examples discussed thus far, we will put together a hypothetical plan by connecting the imagined picture of care, the retirement location, whom the person wants to be near to, the desire for family involvement, how the family is willing to participate, and the research required.

"I want to be near the beach so I can wiggle my toes in the sand — no matter how old or infirm I might become. We always loved our family trips to Florida; and since my son is looking for a new job and I am about to retire — we have decided as a family to move to Florida.

While I would love to live with my son and his family; but they aren't on board for that. However, they like the idea having me live next door or down the street — so we are getting help from a real estate agent to look for two homes close by in communities that have good schools for the grandchildren.

Florida has an abundance of one floor plans and main floor living, so my new home can be chosen with that in mind. I hope to receive care services in my home and stay there as long as possible."

Plan second and third options for care
As we age, we face the unknown. Alzheimer's or dementia may enter the picture. Our plan for aging on our own terms may need adjustments; and we may no longer be able to make our own choices.

- Think now about where you would want to go if you needed care in a facility setting — there are many options to consider. It's important that you communicate your wishes to your family.
- Give your children permission to do what they need to do when you can no longer make your own decisions. It's hard enough to watch parents decline, and even harder when a parent with dementia cries and complains how much they hate where they live. Telling children in advance that they have your blessing to change plans if necessary can help alleviate potential guilt your children may experience when trying to arrange the care you need if care needs escalate.

Funding the plan
Once your plan is in place, make sure you have funded the plan — and the best way to do that is to consider long-term care coverage so your plan can be paid for by leveraged dollars instead of dollar for

dollar out of your own pocket. The more unique your plan is, the more likely a cash indemnity policy could be appropriate to fund the type of care services that fit your needs.

The value of cash indemnity

Cash indemnity provides the most flexibility in the use of LTC benefits. Ways that cash indemnity benefits can be used include:

- No restrictions from the insurance company on how benefits can be used
- Care invented in the future
- Pay for expenses that reimbursement plans don't cover such as transportation, prescriptions and certain home modifications
- 100% of care from family members
- Alternative care services with no need for approval
- Experimental treatments for your condition

Summary

Taking the time now to create a plan for potential long-term care needs that may come in the future can help lead to a more fulfilling care experience for both you and your family.

[1] Health Care and Long-term Care Study, presented by The Harris Poll for Nationwide, March 2018

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