



J. Linvill  
Specializing In  
Long Term Care

Independence, Security & Dignity

## *Long Term Care Insurance - The Cost of Waiting*

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I am often asked: When should I purchase a LTC Insurance policy?

For the past 6 years my answer has been: "Wait 5 years and your premium will double AND you will pay the delta (the increased premium) for the rest of your life."

The premium increase is due to the following factors:

1. Cost of care increases at 5-6% annually and in 5 years you will have to purchase higher daily benefits.
2. You will be 5 years older.
3. You will be forced to purchase a policy that is offered 5 years from now and the policy will be more expensive as the carriers reprice due to higher claim experience and lower bond returns.
4. You may experience a health issue.

**Case Study:** 6 years ago my clients (a couple, ages 53 & 48 and both preferred) purchased the following benefits: \$200 Daily Benefit, 5% Compound Rider, Unlimited Benefit Period and a 100 day Elimination Period. Total annual premium: \$3,926.

Today, 6 years later (ages 59 & 54), I ran an illustration for the same carrier at \$270 Daily Benefit and the other policy features are equivalent. (Today the original policy pays a Daily Benefit of \$268 due to the 5% Compound Rider.) I kept both insureds at the preferred rate. The total annual premium on the new policy would be \$8,542. If either insured had experienced a health issue the cost would be higher.

*Additional Note:* At the present time 2 major carriers have or will be increasing the pricing on policies that have a 5% Compound Rider.

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