Since we're all mortal – long-term care planning is a must

We all would like to think that we will live forever – that there is some fountain of youth.

But the truth is we will all age, and when we do, many of us will need long-term care, such as home health care, assisted living or a nursing home.

Marilee Falco

While this likelihood is not pleasant to contemplate, planning carefully for it can reduce stress and assuage fears.

The Department of Health and Human Services estimates that a person turning 65 has a 69 percent chance of needing some form of long-term care at home (paid and unpaid) or in a facility for an average of three years.

On average, women require care for a longer period of time than men – 3.7 years vs. 2.2 years. And while one third of elderly people may never need this type of support, 20 percent of the population will need long-term care for more than five years.

LONG-TERM CARE INSURANCE

In recent years, financial advisers have become less inclined to recommend long-term care insurance policies to clients. LTC premiums are rising precipitously, coverage caps are lower than ever before (i.e., $300,000) and benefits cover fewer years (on average, 2-4 years).

Skyrocketing rate increases have been approved by regulators in many states because of the high cost of providing long-term care coverage. In some cases, premiums have risen more than 60 percent over several years.

PHOTO/BILLIONDIGITAL

If policy holders receive a premium increase notice, they should reach out to their financial adviser or insurance agent to discuss ways to continue to afford the coverage.

Some strategies for reducing premiums on an existing policy:

- Decrease the inflation rider on the policy (from 5 percent to 3 percent, for example).
- Decrease the number of years of coverage.
- Increase the elimination period for the coverage (that is, the waiting period after qualification but before benefits begin).

If an individual insists upon purchasing LTC coverage, financial advisers recommend not buying it until the age of 60 so as to not pay more in premiums than future coverage.

OTHER INSURANCE OPTIONS

Another insurance alternative is to buy a hybrid form of whole life or universal life coverage that offers an optional long-term care rider.

This insurance is expensive, but at least if an individual does not use the coverage for long-term care, his family will receive the life insurance benefit at the time of his death.

When long-term care policies are not used, on the other hand, the family receives no benefit.

HEALTH SAVINGS ACCOUNT

Today, many financial advisers suggest that clients with high deductible health care plans use their health savings account to save for long-term care and future health care needs. They urge clients to do everything in their power to max out contributions to these accounts.

Unlike with flexible spending accounts, contributors to HSAs are not required to "use or lose" the funds. Instead, they can continually add to the account over time.

Since contributions to HSAs are pretax, account holders ideally should tap their personal cash reserves for health care expenditures during their working years, saving their HSA contributions, and thus allowing these pretax dollars to compound.

Once you reach the required threshold in your HSA (for example, $2,000), you can redirect those savings to be invested in a mutual fund.

In 2018, the annual HSA contribution limit for individuals is $3,450; for families, it's $6,900. Those 55 and older can make an additional "catch-up" contribution of $1,000 to their HSA, with an individual limit of $4,450 and a family contribution limit of $8,900.

It is important to note, though, that if both spouses are over 55, one spouse can make the family contribution plus the additional $1,000 to their HSA account, but the second spouse's additional $1,000 must be deposited into a separate HSA account.

■

So, while it may be tempting to bury one's head in the sand and ignore that we are all getting older, hybrid insurance options and HSA accounts offer protections for future long-term care needs.

Marilee Falco is a principal and financial strategist at JoycePayne Partners of Bethlehem and Richmond, Va., responsible for client financial strategy and counsel, comprehensive financial planning and investment management. A Certified Financial Planner and chartered financial consultant, she can be reached at mfalco@joycepaynepartners.com.

Cultivating diversity and inclusion starts with a mindset

Cultivating diversity and inclusion in the workplace doesn't have to be a challenge.

Murtaza Jaffer

It starts with a simple shift of perspective.

Take on the mindset of inclusion, throwing out any preconceived notions and subconscious stereotypes based on any of the following: race, ethnicity, gender, sexual orientation, religious affiliation, generation, disability, personality type and thinking style.

There are ways to cultivate an environment of inclusion.

■ MAKE IT A PRIORITY

Start by making diversity a priority. In job descriptions, use gender neutral language rather than choosing a specific gender.

Be sure to include a commitment to gender neutrality prior to your mission statement, on your website, job postings, etc.

■ ACHIEVEMENT-BASED JOB DESCRIPTIONS

Here's an interesting statistic to consider: Studies have found that men apply for a job when they meet only 60 percent of the qualifications, but women will only apply when they meet 100 percent of them.

Focus on what candidates will be expected to achieve rather than on a comprehensive list of skills.

■ ADOPT 'BLIND SCREENINGS'

Don't read the name on the resume first. Instead, go through the resume and review it with no assumption of the applicant's gender or ethnic background.

Often, those with ethnic names, as well as female names, face discrimination when applying for jobs. Reading the name last will remove some of the unconscious

please see DIVERSITY, page 8

PHOTO/LUNAMARINA

If you want a diverse workforce, you have to hire various types of people with different cultures, thoughts and ideas.