

WVRC Lifecare: the Prudent Alternative to Long-Term Care Insurance



Melinda Scott, Vice President of Sales and Marketing

Lifecare offered through Willow Valley Retirement Communities essentially equates to comprehensive long-term care insurance bundled with a menu of upscale lifestyle options. So, as Metlife recently declared that it would halt the sale of long-term care insurance, it seemed timely to speak to the financial prudence of Lifecare. Metlife joins a parade of insurers who have decided to exit the

long-term care insurance business in an attempt to stabilize in a volatile market.

Lifecare, an agreement to provide a continuum of care (including independent living, personal care, and skilled nursing residences and services) for an ongoing monthly fee, does not increase if higher levels of care are needed and therefore affords the predictability of costs. And, as with long-term care insurance, Willow Valley counts on investment returns to fund future costs.

However, according to The American Association of Long-Term Care Insurance, insurers are looking for 10-15% increases in premiums to offset every 1% decline in long-term interest rates. That's a significant 30-45% increase for a 3% decline. Even super carrier John

Hancock is poised to request state regulators approve a 40% increase for 850,000 of its 1.1 million long-term-care policy holders, according to the *Wall Street Journal*. (November 12, 2010, "Money and Investing" section).

So does Lifecare as an alternative to long-term care insurance make sense? It certainly does. While there are annual increases of monthly service fees to Residents at Willow Valley, the 20-year average is slightly over 3%. For the current year, the ongoing monthly service fee increased 2.6%.

If you are considering purchasing long-term care insurance, please consider giving our Sales Counselors a call at 800-770-5445 to learn more about Lifecare.

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