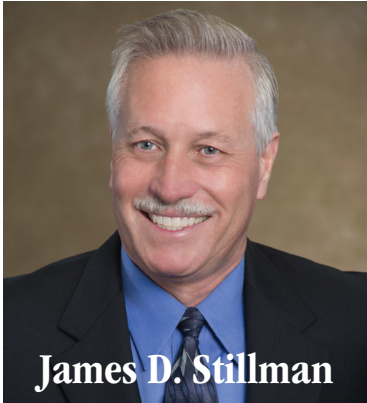


# Between the Beacons

## Charting Your Course to Retirement

### Healthcare Planning in Retirement



James D. Stillman

In our introductory article with *Currents* in October, we outlined the five key areas of retirement planning. This month I'll discuss the third key area using our **Chart Your Course Retirement Planning System – Healthcare Planning**.

Healthcare costs are the number one reason for bankruptcy in America. The average couple will spend approximately \$250k on healthcare costs in retirement. This includes both Medicare and Long-Term Care spending. Couples over the age of 65 have a 70% chance that at least one of them will need long term care. The average stay in a nursing home is about 2 years for males and 3 years for females. The average cost of a nursing home in North Carolina is \$75,000 per year or more. So, obviously it makes sense to have a plan in place to cover these potential costs during retirement, if at all possible.

Here are a few strategies that can be considered to do this:

#### Traditional Long-Term Care

**Insurance:** Most folks are familiar with this strategy. You purchase an insurance policy that covers a certain dollar amount per day for a certain period of time or a lifetime. So, you might have \$200 per day for three years of coverage with a 90 day elimination or waiting period. You can also build in inflation protection if you want. You must be insurable to utilize this strategy, and premiums can get expensive over time. The more benefits you contract for, the more expensive the policy premiums will be.

#### Life Insurance with Living

**Benefits:** Many life insurance policies today have living benefits where you can access up to 76% of the death benefit for long term care or terminal illness, if needed. This can be a good strategy if you want to make sure you're not paying premiums on a policy you might not even use, which can be the case if you buy traditional long term care insurance. With a life policy with living benefits, either someone is going to get a tax-free death benefit when you pass away or you're going to use it for long term care while you're living. The beauty of insurance planning is that you get tremendous leverage of your dollars to cover various things if you do it properly. Many high net worth

individuals and company executives use this strategy.

#### Asset-Based Long Term Care:

This is a strategy that I personally like a lot. It's become a very popular choice for folks that take the time to learn about it, but few know that it even exists. It's called "asset-based", because you typically make one single payment from your assets – although you can structure it for funding over time. It's built on a life insurance chassis, but has accelerated benefits for long term care. There can also be Return of Premium benefits that allow you to get your premium back at some point. So, you'll have life insurance coverage, long term care coverage, and can get your money back if you no longer want or need the policy. We call that "everybody wins" planning!

Here's a simple example. Let's say you're age 60 and you invest \$100k. You may get \$150k life insurance death benefit that can be used for long term care. The benefits are paid out monthly at a certain level until they are used up or you can add a rider to extend the long term care benefits for up to a lifetime. With a Return of Premium benefit, you can get your money back if you decide you don't want the policy anymore. Of course, you would lose the benefit, but the bottom line is that the money is liquid if needed. It's all about leveraging dollars, and that's how everybody wins. Awesome!

### Chart Your Course to Retirement Seminars

Thursday January 11th  
& Wednesday January 17th

Epic Chophouse  
6:30pm (doors open at 6:00pm)

REGISTRATION REQUIRED TO ATTEND  
Call 704-660-0340 or email  
kelly@jdswealthmanagement.com

#### Annuities with LTC Benefits:

If you're not insurable for the previously mentioned strategies, then annuities can play an important role. Many annuities today have guaranteed income benefits that can be doubled for long term care. Income is extremely important when it comes to retirement planning, and we use guaranteed insurance contracts to produce guaranteed income. Why not double it for long term care to help cover some of those costs if they should arise?

At JDS, everything we do is designed to take the worry out of your retirement. If you'd like to set up a visit to discuss your retirement and get your own **Chart Your Course Retirement Plan**, then give us a call.

And remember: ***The purpose of the money dictates where you put it!***

Until Next Month,  
James D. Stillman



(704) 660-0214  
jdswealthmanagement.com  
119-F Poplar Pointe Drive  
 Mooresville, NC 28117



James D. Stillman is a licensed insurance professional, Registered Financial Consultant, and Investment Advisor Representative. He is the founder and president of two companies: JDS Enterprises, Inc. and JDS Wealth Management Corporation, a Registered Investment Advisory Firm.

All content is intended for informational purposes only. Guarantees apply to certain insurance and annuity products (not securities, variable or investment advisory products) and are subject to product terms, exclusions, and limitations and the insurer's claims-paying ability and financial strength.