Real Life Situations
Experiences though LC Advisor

Michael Entrepreneur

Michael at age 57 had a thriving Title Insurance Company. Even in economic down times the company he built was generating positive cash flows. Professionally, he was gifted at prioritizing business tasks into a methodical and logical process. His final work product was delivered on-time and exceeded his clients' expectations. Minor business glitches never threw him off-track. He was unflappable and always in-control. Michael was the go to guy for complex title searches in the County. His professional knowledge was sought after by the real estate and legal communities.

Personally, he had built-up over $1.4 Million dollars in retirement plan assets. He had educated two children through private high schools and colleges. They were launched. His third child was in the 8th grade. Michael and his wife felt that large financial commitments were nearing completion. For example, paying off the mortgage, contributing the maximum amount in their retirement plans and one more child to put through college. Unfortunately, Michael was diagnosed with Kidney Cancer.

Michael wanted to beat his Cancer. He immediately flew to The Mayo Clinic. Medical insurance does not cover all the costs especially for the innovative treatments offered at Mayo and by his local Oncology doctors. We discussed where he should withdraw needed cash to keep funding business operations and cover at home living expenses. Business receivables and personal savings would fund the business for 3-4 months. Home expenses were another story. Financial options included drawing down a home equity line of credit or tap into his retirement funds.

The Chemo and Radiation treatments drained much of Michael's energy. He figured he was running at 20% of his usual work load capacity. Michael was hindered and missed his daily office routines and overseeing his team. Depending on his Cancer treatment schedule he had work brought home because he was too exhausted to make it into the office. It was frustrating and brought him additional anguish.

It took Michael about 24 months to regain his footing to about 75% of his pre-diagnosis work capacity.

Approximately 20 months prior to his cancer diagnosis Michael contemplated purchasing long term care insurance. One of the contracts considered would have provided him reimbursement funds for care in his home. Unfortunately, it was not a priority. He and LC Advisor discussed the risks of a Long Term Care event. Regrettably, it was put on the back burner and no action was taken.

The annual $3,000+ premium was a big discount compared to the $245,000+ dollars he used spending down his retirement account and home equity line of credit to fund his daily living expenses.

Thriving Married Couple

At age 62, Robert and Alice were married and their two adult children were self-sufficient. Robert and Alice had great jobs and had accumulated substantial assets. In fact, they established a family Charitable Foundation for the purpose of donating assets to several charities that they were passionate about and wanted to support during their lifetimes and at death.

Robert contacted LC Advisor because he wanted long term care insurance. His motivation was that even though he could self-insure a long term care event, he did not want to deplete his family's assets paying for the cost of care. With the high probability for the need for long term care over the next ten to fifteen years, the economics of using discounted premium dollars to fund for long term care made financial sense. Through leveraging current cash a large percentage of long term care would be funded at a facility or at their home. Robert and Alice's financial objective was to leave more assets for charities and their children.

Alice's parents lived in a high-end long term care facility. They were spending in excess of $140,000 per year for skilled care. They knew the costs for top of the line long term care was expensive and expected to pay for it. They appreciated the good things in life and were willing to pay for quality care.

They were both active adults. Through a regiment of regular exercise and diet they looked to be in great physical shape. In fact, they did not drink alcohol or use drugs.

Unfortunately, after the underwriters reviewed their medical exams which are standard insurance company requirements for long term care insurance, different results were revealed. Their blood results indicated some abnormalities that the insurance company was not willing to underwrite even if Robert and Alice were willing to pay higher rates. The insurance company declined offering them coverage.

Things happen!

Charles Dickens
Christmas Carol – Ghost of Christmas Future

Steve and Linda, in their late eighties, still lived in the same two-story colonial home they bought over 50 years ago. They were high school sweethearts and had been married for over 60 years. All their hobbies centered and evolved around their home. They took care of the routine maintenance entirely themselves (i.e., grass cutting, painting, tree maintenance and general repairs). They were emotionally anchored to their home.

Their children were spread around the country accept for one. For the last 15-20 years the kids encouraged Steve and Linda to sell their home and move to a retirement community. They would have the opportunity to interact and socialize with other people on a daily basis compared to the isolation of their home. They would not entertain any thought of leaving.

At one point, the kids felt they had Steve and Linda convinced that it was time to move. Linda had fallen and broken her hip. She was the planner and organizer which covered everything from meal planning to house projects. Now, the roles reversed and Steve was the primary care giver to Linda. Linda could barely walk. Going up and down the stairs that were once routine became a twice a day laborious ordeal with Steve assisting in every step.

The kids could tell at family gatherings Steve's memory was slipping. He was not remembering recent events or what colleges the grandchildren attended. Triggering event: Steve had a minor traffic accident which thankfully only involved his car. It was at that point it became apparent that the kids had to intervene. Steve's driver's license, insurance and registration all had expired months ago. He was a computer whiz at one time. Now he could not remember the computer password to log-in. Bills were not being paid and over drawn banking charges mounted.

The children all thought Steve and Linda had a secure retirement. As it turns out, all they had had was social security. They spent down all their retirement savings. How could they remain in their house? What long term care facility place would admit them? What would happen if one of them one of them died? The kids were always told they had a plan. It turns out there was NONE.

Do you want to be this kind of burden to your children? Long term care insurance would have been a tremendous help to Steve and Linda and especially their children.