SMITH FINANCIAL GROUP

Michael J. Smith

December 2007 Newsletter

Why is there so much fuss over Long Term Care Insurance?

There has been a lot of talk lately about Long Term Care insurance (LTCi) and the role it plays in financial planning and life in general. So what is it and where does it fit in the grand scheme of things? Let's start at the beginning –

What is it?
Long Term Care insurance (LTCi) is designed to pay for the expenses associated with a nursing home or home care costs. While designed to pay for these expenses the details of how and when those payments start and how long they last is completely up to how you. When you buy a LTCi policy you do so by specifying the years of coverage, the number of days until LTCi payments begin, the amount of money to be paid per day for nursing home care and for home health care, and whether or not you want an inflation benefit of some kind or not.

Why would I need it?
The big statistic that everyone quotes is that 50% of all people will spend some time in a nursing home before they die. The biggest advantage of LTCi is that it will allow you to pay for nursing home or home health care coverage while at the same time protecting assets that may have taken a lifetime to accumulate. Research by the insurance industry trade group LIMRA reports that only 31% of men and 40% of women could not afford to pay for even one year of care. Long Term Care insurance will allow you to pay for multiple years of care in a nursing home or can be used for home care at a much lower cost than paying for nursing home care yourself.

When should I buy?
I recommend that 50 to 65 years of age is the best time to consider buying LTCi. It is typically the time when your health is still good enough to qualify you and the premiums are the lowest. In fact, I 2007 on average a 55 year old individual could expect to pay $1,027 a year for a $150-a-day benefit (covering 3 years, including 5% compound inflation benefit. Assuming the person qualifies for both spousal and preferred health discounts). If the same individual waits until age 65, that sum would jump to $1,939 per year.

What do I recommend?
Long Term Care insurance isn't for everyone but it is increasingly becoming an important part many peoples financial plan. It also isn't something that can be bought "off-the-shelf" as a one-size-fits-all kind of product. The best thing to do is have me create a LTCi quote specific to you and your needs. Costs vary widely as does the willingness of companies to offer LTCi to people. Some companies are very restrictive when it comes to underwriting while others are much more willing to offer policies to people with numerous physical issues.

Call now to set up some time to take a look at how Long Term Care insurance may help you accomplish your financial goals!

1700 Cattle Drive, Cedar Park TX 78613 1-512-554-6086
mikes@smithfinancialgrouponline.com www.smithfinancialgrouponline.com

Useful stuff – Work after Retirement

One of the subjects I am constantly asked about is getting employment after retirement from the TRS or ERS systems. While some people really do want to retire and rehire right back to the same job, many people consider this a time to redefine themselves and take the opportunity to decide what they want to be now. No matter which category you fit in here are some websites filled with information that will get you started on planning what to do after you retire. Pay close attention to the recommended books below!

Websites

- Job site exclusively for job hunters 50 years and older - http://www.retirementjobs.com
- Great jobsite for post retirement job hunting - http://www.jobs4seniors.net
- Advice on working after retirement from bankrate.com - http://www.bankrate.com/brm/news/advice/20020924a.asp
- Social Security Limits on income once Social Security benefits have been turned on - http://www.ssa.gov/retire2/whileworking.htm

Good books

- "Portfolio Life: The New Path to Work, Purpose, and Passion After 50" by David D. Corbett and Richard Higgins
- "The Third Act: Reinventing Yourself After Retirement" by Edgar M. Bronfman & Catherine Whitney
- "Finding a Job After 50: Reinvent Yourself for the 21st Century" by Jeannette Woodward

I hope this letter finds everyone healthy and happy. Please feel free to call if there is anything that I can do to help make your life better financially. I'm here to help.

Sincerely,

Michael Smith
Smith Financial Group
(512) 554-6086
mikes@smithfinancialgrouponline.com