

LTC AMERICA ALERT

Presented by LTC America, LLC – Specialists in Long Term Care Planning

Special Interest Articles:

- **Official website is launched...** www.ltcamerica.com
- TAX CREDITS for NY State Residents!
- Get updated 2005 Social Security, Medicare and Medicaid info.

§ What's new in LTC I?

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Letter from Jerie Charnow, MSW

Welcome to the LTC America ALERT, our semi-annual newsletter that provides key information regarding long-term care issues and planning needs for you and your family.

We also send ALERTS via email with important news and/or special notices. If you would like to receive, just send an email to: lcalert@ltcamerica.com. Be sure to include your email address so we can add you to our email list.

Great news! We officially launched our new website at www.ltcamerica.com.

On our site, you will find an enormous amount of information regarding long-term care planning, insurance, legal issues, financial planning, Medicare, Medicaid, Social Security info and more.

We'll keep you up to date on news and changes, as well as provide you with access to major articles, studies and links to specialized publications.

We hope to become a key resource for all your long-term care planning needs.

We are also excited to announce the opening of our South Florida satellite office designed to service our southern clients, as well as our northern clients who spend much of their winter in Florida. You can reach our South Florida office at 561-966-1345.

We look forward to continuing our relationship with you.

The New Medicare Bill – What Does It Mean To You?

It's been all over the media...the new Medicare bill passed by President Bush. What does this new program really mean to you? Is there really a benefit for today's seniors, will you save money or is it just political hype? We've broken down the benefits so you can decide for yourself.

Prescription Drug Benefits will be added to Medicare in 2006. Plans might vary, but in general, this is how they will work:

- You will choose a prescription drug plan and pay a premium of about \$35 a month.

- You will pay the first \$250 (called a "deductible").
- Medicare will pay 75% of costs between \$250 and \$2,250 in drug spending. You will pay only 25% of these costs.
- You will pay 100% of the drug costs above \$2,250 until you reach \$3,600 in out-of-pocket spending.
- Unfortunately, the law prohibits beneficiaries from buying private insurance to cover these and other gaps.

- Medicare will pay about 95% of the costs after you have spent \$3,600.
- You should be aware that Medicare recipients with higher incomes will be paying higher premiums for Part B starting in 2007.

Additional information about Medicare is available on our website in the *Education* section of our website at www.ltcamerica.com and www.medicare.gov.

2005 Social Security Info

Because of the annual Cost-of-Living Adjustment, or COLA, SS recipients can expect a 2.1 percent increase in your benefit payments

The maximum Social Security benefit will rise to \$1,939 per month for a worker retiring with maximum covered earnings at age 65 in January 2005, up from \$1,825 last year.

The raise in age for Social Security eligibility began last year for those born in 1938 and later.

The age for collecting reduced benefits remains at 62; you can collect 80% of full benefits.

From age 62 through 64 you can earn \$12,000 in 2005 and still receive the reduced benefits. This figure changes each year with cost of living increases.

Working individuals who apply at 65 or at full eligibility can collect full Social Security benefits without income limitations.

You can request a record of your earnings and future benefits by completing form #7004. Call 800-772-1213 or go to www.ssa.gov.

New 2005 LTCI Tax Deductions

NY STATE RESIDENTS

Please see page 5 for Tax Credit info.

Based on the Health Insurance Portability and Accountability Act (HIPAA), individuals who itemize their deductions and whose medical expenses exceed 7.5% of their AGI floor can deduct the premiums for tax-qualified policies based on age as follows.

Attained age before close of tax year:	Amount that counts as a Medical Expense:
>40	\$270
41-50	\$510
51-60	\$1,020
61-70	\$2,720
71+	\$3,400

The 2005 Per-Diem Tax-Free Limit (indemnity or cash benefit) is \$240.

This means the first \$240 per day or the actual cost of care is tax-free.

For examples of how this deduction works and for 2003 figures, please refer to the *Tax Incentives* section under LTC Insurance on our website at www.ltcamerica.com.

Do you have a Health Care Proxy?

If you haven't already, it is essential that you assign someone to be your Personal Representative who will be responsible for any decisions regarding your health if you are unable to do so.

Under the new HIPAA Privacy Act, one's spouse is not entitled to view your medical records or make decisions without your prior written authorization. Please call our office today or visit our website for more info on how to set up a health care proxy.

The High Cost of Waiting for LTC Insurance:

1. The cost of LTCI coverage increases every year by age.
2. A change in your health could cause you to be rated – which may increase premiums substantially, or may prevent you from qualifying at all.
3. With inflation, every year you wait you will need to purchase a larger daily or monthly benefit to match increasing long-term care costs.

Overview of 2005 Medicare Benefits

For additional info on Medicare coverage and plan options, as well as access to printable charts, please visit the *Education* section of our website at www.ltcamerica.com.

Part A Hospital:

Deductible

Days 1-60 \$912 per benefit period

Days 61-90 \$228 per day

Days 91-150 \$456 per day

Skilled Nursing Facility:

Days 1-20 Full Coverage

Days 21-100 \$114 per day

Part B:

Premium Deduction \$78.20/month

Deductible \$110.00/year

Covers:

- Yearly Flu Shot
- Pneumonia Vaccination
- Yearly Mammogram
- Screening Pap Smear
- Colorectal Screening Test
- Diabetes Self-Management Training
- Glucose Monitor & Supplies
- Bone Density Test
- Prostate Cancer Screening

Should I Purchase a Medigap Policy?

Only a Medigap policy offers you full freedom of choice to select your physician and the freedom to have diagnostic and lab tests performed without economic constraints.

If you are questioning whether to purchase a Medicare Supplement (or Medigap) policy, the answer is YES!

Unfortunately, there are increasing problems and limitations with HMO's that may affect the quality of your diagnosis and treatment.

Only a Medigap policy allows you full freedom of choice to select your physician and the freedom to have diagnostic and lab tests performed, without economic constraints.

Your doctor can order tests that he/she feels are medically necessary without having to gain approval of non-medical administrators.

While these policies are often more costly as compared to HMO's, benefits may be priceless.

Medigap policies are available in ten standard plans; each includes basic benefits that compliment Medicare and cover co-insurance.

Additional benefits may include coverage for deductibles, basic or extended drug coverage, foreign travel, at home recovery and skilled nursing coinsurance.

While the individual plans are identical regardless of carrier, the true value is in the responsiveness of the company and the personal

advocacy by the agent. **Buy value, not price.**

Rates in New York State vary from \$112 per month to over \$250.

In New York State, plans are NOT age rated which means the cost will not automatically increase just because you get older.

Rights vary by state. Under certain circumstances, eligibility is guaranteed for certain plans without health questions asked or waiting period for pre-existing conditions.

To find out more, contact LTC America, LLC at 631-393-5039 or visit us online at www.ltcamerica.com.

Do you belong to a small group, association or family circle? Consultants from LTC America are available for educational workshops about how to protect your lifestyle and assets, as well as retain choice over your long-term care. Call our office at 631-393-5039 or send us an email at info@ltcamerica.com for more information.

What's New in Long Term Care Insurance?

The Long Term Care Insurance market has changed significantly in recent years. Buyers are getting younger. Insurance carriers are introducing new benefits and policy features to meet the different needs of today's buyers.

Some of these new policy features include:

Alternate Plan of Care:

A mechanism to pay for future services not listed in the policy. Called by various names depending on carrier. Benefit may be for the lifetime maximum or as little as 30 days. Be sure to read policy thoroughly.

Calendar Day vs. Service Day:

Each day you incur qualified expenses is counted as a service day. A calendar day is counted beginning with the day of eligibility; services need not be incurred. Variations exist.

Care Coordination Benefit:

Assistance of an independent care manager to assist in dealing with LTC issues. Services include counseling, education and private oversight of the quality of care.

Claims Offset:

Inflation protection options affect both the daily/monthly benefit and the 'pot of money'. With some carriers, the pot of money is reduced by claims paid. This is called claims offset and results in less money to pay out for future claims. Policies with no claim offset actually provide a greater benefit.

Daily vs. Monthly Benefits:

Benefits can be paid on either a daily or monthly basis. Monthly benefits offer greater flexibility.

Home Health Aides

Independent vs. Certified:

Carriers may offer coverage for independent 'aides' that are not through a licensed agency. Some carriers however, require that the aide be state 'certified'

Indemnity vs. reimbursement:

A reimbursement type policy pays for incurred qualified LTC expenses up to the selected benefit level. Indemnity based benefits, sometimes offered as a cash benefit rider, pays for the full daily/monthly benefit, once eligibility criteria are met, without regard to actual expenses incurred.

Inflation Protection:

LTC expenses are expected to triple over the next 20 years, therefore inflation protection is essential. Most companies offer 5% simple and 5% compound inflation protection.

Informal vs. Formal Caregiver:

Some policies will pay for home care benefits if a friend, or family member provide services.

Restoration of Benefits:

If long-term care services are not used and Activities of Daily Living (ADL) deficiencies cease for six months, full benefits will be restored.

Return of Premium:

Offers policy holder or their beneficiaries the opportunity to recover unused premiums. Excellent option for business or trust funds.

Waiver of Home Care

Elimination Period:

Newer policies offer a zero day elimination period for Home Care – may be part of policy or a rider.

Long Term Care Insurance – Which Companies Can You Trust?

When purchasing a long-term care insurance policy, choosing a carrier is one of the most important decisions.

If you do your research, you will find there are over 100 carriers that offer LTC insurance, so how do you know which company you can count on to be there when you need your policy?

As in all markets, companies come and go. So when spending your hard-earned dollars on a LTC

insurance policy, be sure to look for a carrier that offers financial stability and reputation.

LTC America, LLC represents several major carriers. All of which are dominant players in the market and are here to stay.

Policies offered through these carriers provide a variety of options to allow you to find the plan which best suits your individual needs.

The major carriers we represent include:

§ GE
§ John Hancock
§ Mass Mutual
§ Prudential
§ TransAmerica
§ Unum

Depending on your specific needs, we will recommend the carriers and plans that will best meet your needs. Visit our website at www.ltcamerica.com for more information or call us at 631-393-5039 for a free quote.

LTCI Tax Incentives for Business Owners

Federal, and a growing number of state, tax codes allow individuals and businesses to deduct tax-qualified long-term care insurance premiums.

Depending on your company's structure, 100% of the premium payment may be deductible.

Did you know that spouses of self-employed individuals can also be covered using pre-tax dollars?

LTC Insurance is an excellent employee benefit to attract and retain top performers. Employers may choose to pay full premiums, or make a small contribution.

Just by sponsoring LTCI in the workplace, even without any contribution, would entitle employees and extended families to a discount.

In addition to tax incentives, LTC

insurance will help reduce employee absenteeism for those caring for an aging parent or spouse.

For key employees, you may also opt for a 'return of premium' rider.

Call our office at 631-393-5039 or check with your tax advisor for more info.

Every Cloud Has a Silver Lining – Medically Underwritten Annuities

Have some medical issues you wish you didn't? Learn how you can use this to your financial advantage.

Single Premium Immediate Annuities are now available for people with medical problems.

You may be entitled to a lower premium or higher rate of return based on your medical situation.

Be ready to answer the following questions:

- Your age and date of birth

- Your medical conditions - how long have you had them? Treatment?
- Your medications, the dosage & frequency

Call our office at 631-393-5039 for more info.

Florida Real Estate

Since we opened our South Florida office, we are often asked by our northern clients if we are know of any local residences for sale or rent. So, we decided to dedicate a section of our newsletter, as a courtesy, to share any info we have to let you know what is available. If you have a property for sale or rent, be sure to let us know so we can try to include in future newsletters. Call our Florida office at 561-966-1345 for more info.

For Sale: Lakes of Delray
Beautiful 2 bed/2 bath condo. Second floor with elevator! Gated community. Lakes of Delray is well known for their very active clubhouse and excellent entertainment. The community is within walking distance of movies, restaurant and shopping centers.

For Rent: Pines North/Delray:
Spacious, newly renovated 2 bed/2 bath corner unit. Second floor. Updated kitchen w/new appliances, tile throughout, and more. The unit is completely furnished. The Pines North is a 55+ gated community that offers a very active clubhouse and is close to the heart of Delray Beach.

Have you reviewed your life insurance policy lately?

Your life insurance may not meet your original expectations or you may be able to **buy more** for the same premium.

In recent years, insurers have become much more competitive in both product design and underwriting advances. Plus, mortality rates and expenses have dropped, creating opportunities for policy owners to improve performance and maximize benefits.

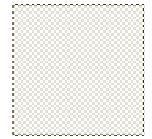
We will provide you with an in-depth report of your current cash value policy to see if it is on track. If it is, no further steps will be taken. If not, an analysis showing all available options will be prepared. **This is a complimentary service.** Call us at 631 393.5039, email us at info@ltcamerica.com or visit us at www.ltcamerica.com for more information.

New York State Tax Credit

Did you know, New York State Taxpayers who pay premiums for qualified long-term care insurance may claim a credit against their personal income tax?

The credit is equal to 20% of the premiums paid during the tax year for the purchase of or for continuing coverage under a qualifying long-term care insurance policy.

You can find the NYS form IT 249 and instructions on our site in the Long Term Care Insurance section under *Tax Incentives* at www.ltcamerica.com.



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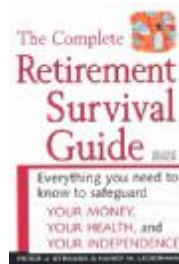
Satellite offices:
New York City
South Florida

We're on the Web!

Visit us at:

www.ltcamerica.com

Recommended Reading



The Complete Retirement Survival Guide – 2nd Edition
by Peter J. Strauss and Nancy Lederman

A clear and authoritative guide to life planning, financial strategies and legal protection for people facing retirement. A completely updated edition of the popular *The Elder Law Handbook* - written specifically for those over age 55, for anyone with a parent of age 55, as well as for people with disabilities or family members with disabilities. To order a discounted copy, please contact our office at 631-393-5039.

About LTC America, LLC

LTC America, LLC specializes in planning and insuring for long-term care.

- § Eldercare Consultations
- § LTC Insurance
- § Annuities for Medicaid Eligibility
- § Medically Underwritten Annuities
- § Medicaid Applications
- § Prepaid Home Care Contracts
- § Educational Seminars

All consultations are private and confidential. We work with individuals, their advisors, guardians and trustees, employers and associations.