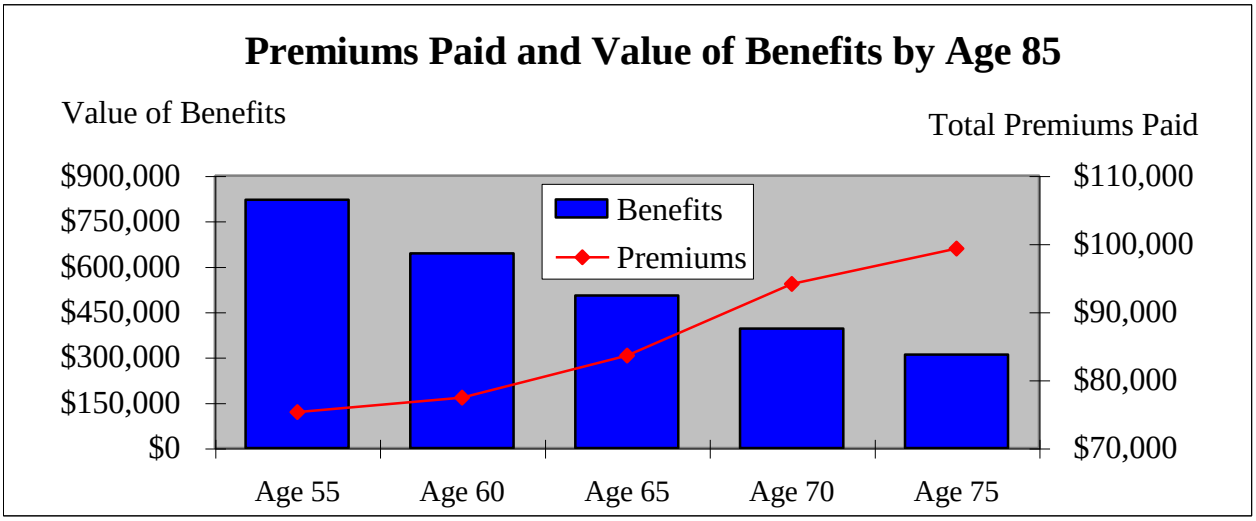
The Cost of Waiting to Buy Long-Term Care Insurance

The graph below compares the total premium cost and value of insurance benefits of a **Partnership Policy** depending on when it was purchased between ages 55 and 75. It is assumed premiums are paid annually until long-term care services are needed at age 85. The chart indicates that the best time to purchase long-term care insurance is prior to one's 60th birthday. This is due to the combined effects of low annual premiums (shown in red) that remain level, and benefits (shown in blue) that increase by 5% compounded annually.

The example is based upon a **Partnership Policy** with a $260 daily benefit for home health care and nursing facility care with total benefits of approximately $190,000 (two year policy). The policy has a 100-day deductible (waiting period) and the daily and lifetime benefits will increase annually at a 5% compounded rate. The annual premiums are level. (Premiums can increase in the future if approved by the Connecticut Department of Insurance. Such increases are not considered here.)

If someone bought this **Partnership Policy** today at age 55, they would spend $75,300 in premiums over 30 years. The policy would provide up to **$820,300** in benefits by the time they were age 85 due to 30 years of 5% compounded inflation protection. If the policy paid all of its benefits, the person would have also earned **$820,300** in Medicaid Asset Protection. The same policy purchased at age 75 would cost $99,300 in premiums over 10 years and would only provide $309,200 in benefits at age 85. **Please note that if the 75 year old wanted to purchase a policy that would provide him with the same benefits at 85 that the 55 year old would receive at age 85 in this example, the 75 year old would have to purchase a $690 daily benefit to start at an annual premium of $26,358 or $263,580 over 10 years.**



Purchase Age	**Age 55**	**Age 60**	**Age 65**	**Age 70**	**Age 75**
Premiums Paid Until Age 85	**$75,300**	**$77,400**	**$83,600**	**$94,100**	**$99,300**
Value of Benefits at Age 85	**$820,300**	**$642,700**	**$503,600**	**$394,600**	**$309,200**

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