



ADVISORY SOLUTIONS

Traditional Life Insurance is based on ensuring financial security in the event of death. However, as advances in health care have extended average life span, new concerns have arisen. Will you have the financial means to live comfortably for the rest of your life? Do you have sufficient financial protection to pay for ongoing medical expenses?

While traditional retirement planning strategies today usually account for the financial implications of longer average life spans, they may not take into consideration the costs of care for debilitating, but not necessarily fatal, medical problems. Medical conditions that were once fatal – for example, certain types of cancer, heart disease, stroke, Alzheimer's – are now increasingly being managed by new drug therapies and care strategies.

However, living with these types of conditions may also require significant expenses related to treatment and associated debilitating conditions, which, in a deficit conscious fiscal environment, may not be adequately covered through public funding.

Rather than risk passing the burden of these costs onto relatives, a financial strategy for long-term care should be considered as an integral component of any comprehensive financial plan. One of the simplest and most effective means of accomplishing this goal is through Long-Term Care Insurance.

An insurance policy specifically designed to cover the costs of required long-term care should be considered by anyone in their late pre-retirement or early retirement years. A long-term care policy would typically cover home care services and institutional residential care expenses related to the onset of a chronic illness. Policies can be tailored to your exact needs and specify both daily benefit amounts, as well as the type of care – home vs. institutional – you wish to receive. Coverage specifics can range from home nursing care arrangements, therapists and other support services, as well as which residential facility you wish to enter should the need arise.

Underwriting concerns for Long-Term Care Insurance are similar to those associated with Life Insurance and include personal and family medical history, as well as any current conditions that might contribute to future long-term care needs. Also similar to Life Insurance, all Long-Term Care Insurance benefits are paid tax-free.

Conditions Of Receiving Long-Term Care Benefits

Long-term Care Insurance policies are typically subject to conditions such as:

Current Benefits – If a person has received home health care or been in a nursing home in the recent past, or is currently receiving disability benefits, eligibility for this type of insurance may be precluded.

Age of Beneficiary – Issue ages are typically between 40 and 80 years, although this may vary from company to company.

Daily Benefits – Allowed daily benefit amounts may also vary from company to company.

Covered Benefits – Benefits are typically paid for the following:

- Living Care
- Home Care
- Adult Day Care
- Hospice Care
- Respite Care
- Medical Equipment
- Emergency Response System

Upon a claim, a care coordination company contracted by the insurer will send a Registered Nurse to assist in the determination of claim eligibility and coordination of long-term care referral services.



Insurance For Activities Of Daily Living

A key component of some Long-Term Care Insurance policies is to provide coverage for what are known as Activities Of Daily Living (ADL) – the basic daily tasks necessary to maintain a person's health and safety. A person is deemed to be unable to perform ADLs if the assistance of another person is required to undertake the following tasks: *Bathing, Toileting, Dressing, Eating, Transferring Between Locations (e.g., from bed to wheelchair, from wheelchair to shower).*

Instrumental Activities Of Daily Living (IADL) may also determine benefits. IADL activities include: *Doing Laundry, Taking Medication, Arranging Transportation, Shopping, Preparing Meals, Using the Telephone, Housekeeping and Managing Personal Finances.*

For more information on how to incorporate Long-Term Care Insurance into your financial plan, please contact your CIBC Wood Gundy Investment Advisor.

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