Zurich Awes Financial Management, LLC.
Zurich Thor Awes
500 Westover Dr #10422
Sanford, NC 27330
Office: (763) 577-1900
zurich@zurichawes.com
https://www.zurichawes.com/

LGBTQ+ Community Has Unique Aging Issues

A Long-term care analysis should be part of everyone's financial planning

Pride Month is celebrated each year during June to honor the 1969 Stonewall Uprising in New York City. By most estimates, there were about 3,000 – 5,000 marchers at the inaugural Pride in New York City and today, that number is in the millions. But if you consider that the inaugural Pride was over 50 years ago, that would make most of the participants more than 70 years old today. And while many of the challenges from 50 years ago have changed, new ones have emerged.

Today, more than 39 million people in the U.S. are age 65 years or older and that includes 2.4 million who identify as LGBTQ+. Referred to as the Baby Boomer generation (those born between 1946 and 1964), this generation makes up a huge part of the world's population, more so in developed versus developing nations. And in the U.S., our Baby Boomers represent more than 20% of our total population.

Challenges for LGBTQ+ Baby Boomers

As that baby boomer tsunami washes up on the shore of retirement, individuals are living longer and demanding more care in the face of growing doctor and medical facility shortages. That is spurring price pressures and price increases almost across the board.

Further, insurance carriers are tightening underwriting standards, and you should apply while for your long-term care insurance when you're healthy. By some estimates, one in five applicants currently are rejected for long-term-care policies and those over 50 get turned down at a higher rate than younger people.

As a group, older LGBTQ+ adults experience unique economic and health disparities too. Older LGBTQ+ adults may disproportionately be affected by poverty as well as physical and mental health conditions due to a lifetime of unique stressors.

And to make matters worse, older LGBTQ+ adults are often more vulnerable to neglect and mistreatment in aging care facilities.

Thinking About Long-Term Care

Long-term care and the challenges of aging, healthcare and needs unique to the LGBTQ+ community should be part of a comprehensive financial planning analysis. This is especially important as premiums for long-term care coverage are rising faster than inflation, sometimes a lot faster.

If you own long-term care insurance, a company cannot raise your individual premium. But it can petition state regulators for an increase for all policyholders within a class. This is happening with greater frequency, especially for older policies.

Why You Might Ask?

Well, the short answer is that companies that were early to the LTC game underestimated the future healthcare costs. They also assumed a certain "lapse rate." This means insurers expected people to pay for a while and drop the policy without filing a claim. That didn't happen as people retained coverage in the face of soaring costs.

Further, many are suggesting that the COVID-19 pandemic might trigger similar outcomes as happened during the 2008 financial crisis – higher-than-projected claims volumes and a spate of premium increases, especially on older policies. Are there alternatives? Do you retain the risk or outsource some or all of it to an insurance carrier? That's a function of your cash flow-producing net worth and other sources of income, such as Social Security or a pension plan.

An Analysis is Needed

A financial advisor can help to frame current caregiver costs, weigh various assumptions about inflation and your current health status. Your advisor then relates that to your cost of living, portfolio horsepower and caregiving resources. Medicare, which is neither cheap nor free, does not cover long-term care expenses and many other routine medical costs.

You may want to self-insure some or all of the risk via other investments and inflation hedges. Repositioning lower yielding investments into higher yielding alternatives may produce sufficient cash flow to cover the increase or the entire premium. But you need to run the scenarios.

Given longer lifespans, have you thought about the consequences longevity will have on your family? Who will take care of you? Do they possess medical training? The sacrifices of an unpaid caregiver required are huge.

Questions to Ask As You Age

Whether you are planning for yourself or an older loved one, you need to ask certain questions about the care that's needed.

- Do you want to stay at home?
- If so, what home modifications, such as a ramp or an emergency response system (a radio that is linked to help), are needed?
- What kind of medical care facilities are needed, if staying in the home is no longer an option? Some assisted living facilities may have long waiting lists.
- Do you have an up-to-date will?
- What about a durable power of attorney, which grants a designated individual the authority to make financial and legal decisions?
- A living will, detailing preferences for end-of-life care?
- A power of attorney for health-care decisions?
- Where are copies of important documents?

Much of what LTC insurance pays for includes assisting people with activities of daily living -- dressing, bathing, eating, etc. Services range from custodial care in the home to medical care in a nursing home. You are generally considered to be in need of LTC if you have difficulty performing two or more daily activities due to physical limitations, severe cognitive impairment or both.

Your Financial Advisor

Tapping your own resources to pay your health expenses means depleting retirement funds or education savings. You can sell real estate, but property is not a liquid asset and, as a motivated seller, you won't get the best price.

Paying with your own money and buying individual insurance policies are costly ways of funding LTC and not appropriate for everyone. Learn what to expect from Medicaid before you make your first claim. Prepare for your future LTC well before the need arises. Despite the dollars, emotions and fears involved, you can manage the process.

Your financial advisor can help.