

tax-free benefit. The employer may also include the LTCI premium paid for a spouse or other tax dependent of the employee. Employer-paid LTCI is considered an “excepted” benefit, meaning it may be provided at the employer’s discretion to specific staff members.

Next Steps:

Staff members of EFCA ministries or other FCMM-participating organizations begin by contacting FCMM Benefits and Retirement for an initial discussion about long term care planning. Based on that conversation, if long term care insurance looks like a viable option, we will connect you with a LTCI specialist at Newman Long Term Care. Your specialist will then work to develop a plan best suited for your health, age, financial situation, and desired care options.

FCMM Benefits serves ministry staff, in partnership with employing ministry organizations, by providing benefits that promote financial and personal wellness at an excellent value.



Newman Long Term Care has focused exclusively on long term care planning solutions since 1990. They have helped over 35,000 families plan for the consequences of an extended care event, providing solutions from many of the leading insurance carriers. Newman Long Term Care is a Thrivent Financial company.



FCMM exists to enable pastors, staff members, and missionaries to serve Christ throughout their lives by assisting employing ministry organizations in providing retirement and other benefits.



FCMM (“Free Church Ministers and Missionaries”) serves as the church benefits organization of the Evangelical Free Church of America



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Long Term Care Insurance

¹2016 Cost of Care Survey, Genworth Financial.

²American Psychological Association, “Stress in Americas”, 2011.

³Harvard Health Publications, “The (not-so-hidden) Costs of Caregiving”, 2016

Long Term Care Insurance

The potential need for, and cost of, long term care (LTC) presents a significant emotional and financial risk to every person.

The older you get, the more likely you are to need long term care. And long term care services are expensive. In 2016, the average annual rate for a private nursing home room was \$92,378 or \$253 per day with numerous areas of the country reaching well over \$100,000.¹ Most people opt to receive care at home, but even that can be costly with the average annual rate being \$46,332 for about 44 hours of care per week.

For many, long term care insurance can be an effective solution to help protect retirement assets and personal savings. The benefits and resources provided by an insurance policy may also alleviate some of the caregiving burdens from loved ones.

FCMM has partnered with Newman Long Term Care to help address the need for insurance for staff members of Evangelical Free Churches and ministries as well as other FCMM-participating organizations. Newman LTC is known for their proven experience and exclusive focus in this area. They work with many of the leading insurers, giving you one trusted resource to explore all your options.

What is long term care?

It's estimated that nearly 70 percent of those ages 65 and over will need long term care at some point in their lives. This means most will need some form of assistance with daily living tasks for an extended period of time due to accidents, chronic conditions, or cognitive issues.

There are many misconceptions that health insurance or Medicare will pay for long term care. However, health insurance covers only doctor and hospital bills. Medicare pays for 100 days of care but only when certain requirements are met. Some people believe they can rely on Medicaid, but in order to receive coverage, their assets must be depleted to poverty levels.

Will I need long term care?

Many hope that LTC will never be needed, but often don't consider what would happen to their family if they are wrong. Family caregivers can be negatively impacted emotionally, physically, and financially.

Caregivers are twice as likely to have a chronic illness compared to the general population.² Studies show that caregivers are more likely to suffer from depression while they are providing care and long after the care is finished.³ Because care is expensive, caregivers themselves may be left with financial burdens.

Why plan now?

Long term care insurance (LTCI) helps to ensure that you are provided the care you need when you need it without having to spend down savings or alter lifestyles for you and your family.

Rates for LTCI are based on health. The younger you are the lower premiums will generally be. The older you are the more likely you are to have health concerns. Almost half of the people ages 70 or older who apply are not eligible because of their health.

LTCI applicants declined due to poor health	
Under age 50	9.5%
Ages 50-59	14.0%
Ages 60-69	23.0%
Ages 70-79	45%
Age 80 and over	66.0%

Most insurers offer preferred discounts to those in exceptional health. Although the majority of applicants are issued with standard rates, if you qualify as a preferred customer, you could receive a discount of 10 percent or more.

Waiting too long to purchase a policy can be both costly to afford and risky to qualify.

INCENTIVES FOR PLANNING AHEAD

The federal government offers tax breaks for qualified LTCI policies. In addition, most states offer incentives to those who purchase LTCI. The two primary incentives are state credits and deductions and asset-retention incentives via partnership insurance policies.

Premiums Paid by an Individual

Qualified LTCI premiums can be itemized as a medical expense. The amount of eligible premium that can be itemized is limited based on age.

Individual Eligible Premium Deductibility: 2017	
Age attained before close of taxable year:	Maximum federal deduction for year:
40 or under	\$410
41-50	\$770
51-60	\$1,530
61-70	\$4,090
Age 71 or over	\$5,110

If medical expenses - Including the Eligible Premium - exceed 10% of adjusted Gross Income (AGI), the excess is deductible.

Health Savings Accounts (HSA) - Qualified LTCI premiums are an acceptable, tax-free, health care expense from an HSA, but only up to the age-based Eligible Premium limit.

Medical Savings Accounts (Archer MSAs) - LTCI premiums are an acceptable expenditure.

Cafeteria Plan - LTCI is not allowed in a pre-tax Section 125 (Cafeteria) Plan. Voluntary premiums paid through payroll deduction must be withheld on an after-tax basis. If applicable, the employee may be able to take an itemized deduction or reimbursement from HSA.

Premiums Paid by an Employer

Employer-Paid LTCI - Employers (including non-profits) who pay some or all of a non-owner employee's LTCI premium may provide this as a