

Chart 1

THE RISK-REWARD RATIO*

Is it feasible for a 59-year old to outinvest' the future cost of long-term care by investing the yearly insurance premium?

Age	Annual Ins. Cost Invested at 6%	1 Year of Care (5% Inc.)
59	\$1,150	\$47,450
60	\$2,403	\$49,822
65	\$9,569	\$63,587
70	\$18,500	\$81,155
75	\$29,629	\$103,577
80	\$43,497	\$132,193

Investing the yearly insurance premium (\$1,150) at 6% return would yield less than one-third of one year's cost of care at ages when it's most likely needed.

Chart 2

BREAKEVEN ON PREMIUM

How many days on full claim would it take to recoup the value of annual insurance premiums paid?

Age	Premiums Paid	Daily Benefit	No. of Days to Recoup
59	\$1,150	\$130.00	9 Days
60	\$2,300	\$136.50	17 Days
65	\$8,050	\$174.21	46 Days
70	\$13,800	\$222.34	62 Days
75	\$19,550	\$283.77	69 Days
80	\$25,300	\$362.18	70 Days

An individual who pays for long-term care insurance recoups the cost of annual premiums paid in about two months (or less).

Chart 3

GROWTH OF SELF INSURANCE*

The out-of-pocket risk grows as costs of care increase. Here's the impact of a 5% compounded annual increase in costs.

Age	Daily Amount to Co-Insure	Daily Amount to Co-Insure
	\$ 30.00	\$ 50.00
	Monthly Out of Pocket	Monthly Out of Pocket
59	\$900	\$1,500
60	\$945	\$1,575
65	\$1,206	\$2,010
70	\$1,539	\$2,566
75	\$1,965	\$3,274
80	\$2,507	\$4,179

Self-insuring part of the risk works so long as there are sufficient funds to pay future out-of-pocket costs for care.