



## Long Term Care Insurance PLANNING GUIDE

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*Today, 12% of our population is over age 65.*

*By 2031, 25% of the population will be over age 65.<sup>1</sup>*

## **THE LONG TERM CARE DILEMMA**

We've all heard it before – Canadians are living longer thanks to medical advances and healthier lifestyles.

But as Canada's population ages, demands on our health care system and the associated resources will continue to grow. The longer people live, the more likely they will need help with caring for themselves due to aging or a cognitive impairment. In fact, studies show that almost half of today's population will need some form of long term care. And while long term care is primarily required by seniors, younger people may also need long term care.

Living longer brings with it significant additional costs of personal care, whether that care is provided at home or in a facility. Those who choose to remain at home can incur significant expenses for personal care and private nursing over and above the amounts the provinces provide. These expenses can add up to hundreds of thousands of dollars. For some, it could mean putting retirement savings at risk, or depleting assets.

Most people learn about long term care the hard way – when they or their loved ones need extended care, quite often, it's too late. It's never too early to plan for the impact of needing long term care. Planning today can help protect savings, avoid burdening loved ones and provide peace of mind for tomorrow.

## **THE ACE LIFE SOLUTION**

The ACE Life Long Term Care Insurance plan provides a daily benefit if you lose the ability to care for yourself, and need assistance at home. This protection focuses exclusively on home care, with benefits that help you remain in your own home.



## WHAT IS LONG TERM CARE?

Long term care is the personal care and assistance provided if you have a prolonged physical or chronic illness like arthritis, paralysis due to a stroke, or a cognitive impairment due to aging. Long term care focuses on *car*ing rather than *curing*. Long term care is different from acute medical care, which is the treatment from a doctor or hospital to recover from a temporary condition, such as a broken arm.

## WHEN DO I NEED LONG TERM CARE?

There are many everyday functions and activities that we take for granted. As we age, become ill or disabled, our ability to perform routine activities can become limited. Long term care is generally required to help perform these **Activities of Daily Living (ADLs)**:

- Bathing:** Washing yourself in the bathtub or shower, or by sponge bath.
- Dressing:** Putting on, or taking off, your clothes.
- Toileting:** Getting to and from the toilet safely and performing basic hygiene functions.
- Eating:** Feeding yourself including grasping utensils, getting food to your mouth, and cleaning your face and hands after a meal.
- Transferring:** Getting in and out of a bed, chair or wheelchair.
- Continence:** Controlling bladder or bowel functions voluntarily, or maintaining a reasonable level of personal care if you're not able to control bowel or bladder functions.

Some people can perform everyday activities without help, but may need care due to a cognitive impairment such as Alzheimer's Disease. There are currently over 250,000 Canadians aged 65 or over who suffer from Alzheimer's Disease and related dementia. It's estimated that this number will triple by 2031<sup>2</sup>. These individuals will need supervision to ensure their safety and the safety of those around them.



## WHERE CAN I RECEIVE LONG TERM CARE?

Home care is generally provided to you in your home by a caregiver from a home health care agency. Depending on your needs, care can be provided by either a trained medical professional or a home care service worker. The ACE Life Long Term Care Insurance plan is a **home care** plan and provides for care at home or in an adult day care centre.

## TYPES OF LONG TERM CARE:

There are three types of long term care:

- Personal care:** Care and assistance provided to those who need help performing one or more of the ADLs such as eating, bathing and dressing. This may also include homemaker services such as meal preparation and laundry.
- Supervisory care:** The monitoring and supervision of a person with a cognitive impairment, ensuring that they are following their required program of medication and other care plan activities, in a safe and controlled environment.
- Skilled care:** Care provided by a skilled medical professional such as a nurse or therapist. Care can range from nursing care (e.g. treating wounds) to therapies (e.g. physical or speech) which are required for medical conditions.

The majority of long term care required (88%) is personal and supervisory care. Skilled care makes up only 12% of long term care<sup>3</sup>.

*‘I’m most comfortable with my family, and my memories are here in this house. If I need long term care, I want to be able to stay here in my own home with my own belongings’*

## **HOW MUCH WILL LONG TERM CARE COST ME?**

Your provincial health insurance plan provides some long term care services; however, the eligibility requirements and level of services vary by province. Eligibility is determined after medical and/or income assessments, and services paid for by the government are restricted to maximum provincial home care service limits. In some provinces, to be eligible for publicly funded home care services, people must have first exhausted the care-giving capacity of relatives and friends.

Based on a study done in April 1999 by the Centre for Health and Long Term Care Research, an average home care participant needs 151 hours of personal care per month. With government home care service limits, most people end up paying for additional care on their own.

*Example: In Ontario, where the government provides a maximum of 60 hours per month, the average home care recipient would have to pay for 91 hours of personal support services. These services range from \$21 - \$49 per hour in Ontario. So the out-of-pocket cost could range from \$1,911 to \$4,459 per month. This represents an annual cost of \$22,932 to \$53,508.*

Private health plans generally do not pay for long term care at home, other than perhaps a limited amount of skilled or professional care, which only accounts for 12% of the total care provided.

Quite often, family and relatives provide some level of informal care, but over a prolonged period of time this can place a great deal of emotional and financial stress on all concerned. The ACE Life Long Term Care Insurance plan offers a solution for you and your family.

*“My husband suffered a stroke – I was shocked how little the government provided for the long term care he needed”*

## **THE ACE LIFE LONG TERM CARE INSURANCE PLAN**

ACE Life’s Long Term Care Insurance plan is one of the most affordable long term care insurance products in Canada. It is a **home care** plan that reimburses you the cost of health and support services provided in the home or in an adult day care centre.

Covered services include:

- Personal care (assistance with bathing, dressing and other ADLs as described on page 2)
- Visiting nursing
- Physiotherapy
- Occupational therapy
- Speech therapy
- Homemaking services (meal preparation, laundry, light housekeeping, grocery shopping)

These services must be provided by a(n):

- Authorized employee of a Home Care Agency;
- Therapist; or
- Registered nurse.

## **HOME CARE BENEFIT**

Your out-of-pocket home care expenses are reimbursed up to \$100 per day, up to the lifetime benefit maximum, and are paid on a monthly basis.

The ACE Life Long Term Care Insurance plan allows you to choose between a \$50,000 and a \$100,000 lifetime benefit maximum amount to meet your personal needs and fit your budget.



## **RESPITE CARE**

To provide a break for the primary unpaid caregiver, you may hire another caregiver, or go into a facility for a maximum of two weeks per year. The maximum reimbursement for respite care is the daily benefit amount, for up to two weeks per year. This benefit is in addition to any benefit paid for home care services.

## **CARE COORDINATOR**

The Care Coordinator is a registered nurse, or licensed social worker, who will be assigned to help you at the time of claim. Specifically, the Care Coordinator will assist you in:

- completing the necessary forms;
- developing a 'Plan of Care';
- coordinating your coverage;
- locating home care providers; and
- monitoring your ongoing care needs.

The Care Coordinator is based in your area and is familiar with the local services and resources. The Care Coordinator will help you find the type of care and providers you prefer so you get the most out of your coverage.

## **WHO CAN APPLY?**

The ACE Life Long Term Care Insurance plan is available to all individuals, their spouses and eligible family members, between the ages of 20 and 75 inclusive. Eligible family members include children and their spouses, siblings and their spouses, and parents.





## **ELIGIBILITY FOR BENEFITS**

To qualify for benefits under the plan, you must receive a Plan of Care Assessment that indicates you:

- need help with at least two out of the six ADLs (bathing, dressing, toileting, eating, transferring and continence);
- or,
- that you have a cognitive impairment, such as Alzheimer's Disease, that requires you to have supervision to maintain your health and safety.

You will also need to satisfy the 90-day waiting period and submit your receipts for formal care provided.

Once your claim is approved, you will be reimbursed for your home care related expenses, up to the maximum daily benefit of \$100 and the lifetime benefit amount you have chosen.

## **WAITING PERIOD**

There is a 90-day waiting, or 'elimination' period, associated with each period of care during which benefits are not payable. This waiting period begins on the first documented day that you require assistance and continues for 90 consecutive calendar days. Once you have satisfied the waiting period, your benefits become payable. Having a waiting period helps to keep premiums affordable.

## **WAIVER OF PREMIUM**

The ACE Life Long Term Care Insurance plan has a built-in waiver of premium provision, so you will not have to pay premiums while you are on claim.

## **PREMIUMS PAID UP AT AGE 100**

Your policy becomes paid up at age 100. This means that you will no longer be required to pay premiums whether or not you are on claim.

*“My husband needs to be monitored 24 hours a day – I want to keep him at home but keeping up with this schedule is beginning to affect my own health”*

### **GUARANTEED RENEWABLE**

Premiums are not guaranteed, however your premiums will not increase due to your age or any changes in your health. Premiums can only be increased on a class basis (plan type and province).

### **SPOUSAL DISCOUNT**

If you and your spouse both apply for coverage, and are approved, you will each receive a 10% premium discount.

### **PORTABILITY**

Your coverage is portable and can be used anywhere in Canada and the United States. Please note that benefits are paid in Canadian dollars up to the daily and lifetime Canadian dollar maximums.

### **TAX ADVANTAGES**

Benefits received under this program are not taxable. There is no PST or GST payable on long term care insurance premiums.

### **AUTHORIZED DESIGNEE (THIRD PARTY NOTIFICATION)**

This allows you to name someone who can be contacted if your coverage is about to end because of overdue premiums. People with cognitive impairments may forget to deposit sufficient amounts in their bank accounts to cover their premiums, and could lose their coverage when they need it most. You may choose a friend, relative or a professional as your authorized designee.

*“My husband needed long term care – he survived but our finances will never recover”*

## MONTHLY PREMIUMS

Premiums are based on your age at the time you apply.

Issue Age	Lifetime maximum benefit amount	
	\$50,000	\$100,000
20 - 45	\$29.23	\$39.70
46	\$30.25	\$41.20
47	\$31.28	\$42.73
48	\$32.33	\$44.25
49	\$33.35	\$45.78
50	\$34.40	\$47.30
51	\$35.80	\$49.35
52	\$37.23	\$51.40
53	\$38.65	\$53.45
54	\$40.08	\$55.50
55	\$41.50	\$57.55
56	\$43.63	\$60.53
57	\$45.75	\$63.50
58	\$47.88	\$66.50
59	\$50.00	\$69.48
60	\$52.13	\$72.48

Issue Age	Lifetime maximum benefit amount	
	\$50,000	\$100,000
61	\$55.25	\$76.30
62	\$58.40	\$80.15
63	\$61.53	\$84.00
64	\$64.68	\$87.85
65	\$67.83	\$91.70
66	\$72.48	\$98.50
67	\$77.15	\$105.30
68	\$81.80	\$112.13
69	\$86.48	\$118.93
70	\$91.15	\$125.75
71	\$96.85	\$133.68
72	\$102.58	\$141.60
73	\$108.28	\$149.53
74	\$114.00	\$157.45
75	\$119.73	\$165.38



## EXCLUSIONS AND LIMITATIONS

Benefits are **not** payable for care, treatment or services:

- Provided by a family member.
- Not** provided by a home health agency, home care agency or adult day care centre.
- For which no charge is normally made in the absence of insurance.
- Provided outside Canada and the United States.
- Due to an illness, treatment or medical condition arising out of attempted suicide or intentionally self-inflicted injury, while sane or insane.
- Due to an illness, treatment or medical condition arising out of participation in a felony, riot, insurrection, war and act of war (whether declared or undeclared).
- Due to alcoholism, drug addiction or other chemical dependence; however, this exclusion does not apply to a drug dependency sustained or acquired at the hands of, or while under treatment by, a physician in the course of treatment for an injury or sickness.
- Due to mental or nervous disorders without demonstrable organic cause. Brain disorders with demonstrable organic cause (such as Alzheimer's Disease and related dementia) are covered if symptoms are exhibited or a diagnosis is made.

## HOW DO I APPLY?

Enrolling in the ACE Life Long Term Care Insurance plan is easy; simply fill out the application form included with your package and return by mail.

MAILING ADDRESS:           ACE Life Long Term Care,  
  14-50 Galaxy Blvd.,  
  PO Box 56368 STN BRM B,  
  Toronto, ON           M7Y 9C1

If you have any questions, please contact us at 1-888-445-4512.



## *Frequently Asked Questions...*

**1. *Why do I need long term care insurance coverage?***

***How can the ACE Life Long Term Care Insurance plan help me?***

Long term care coverage can help give you independence and peace of mind. Under the ACE Life plan, you can use the benefits for the best care options available to minimize the impact on your finances. The coverage helps preserve your assets for other uses including: enjoying retirement living, leaving an inheritance for your loved ones, or ensuring a quality lifestyle. And, the benefits received may far exceed the premium costs for coverage or the long term care expenses you may need to pay.

**2. *Shouldn't I wait until I'm older to think about long term care?***

Although the chance of needing long term care becomes higher as we age, long term care needs may become necessary at any age due to injuries or illness. Regardless of the stage of life you are in, you can benefit from long term care insurance protection. And, the longer you wait to buy coverage, the more expensive it is.

**3. *Does the ACE Life Long Term Care Insurance plan cover care in a retirement home or seniors' residence?***

Care provided to you in your independent residence, within a seniors' residence or retirement home, can be covered as home care if it is provided to you by an approved home health care agency or home care agency. The ACE Life Long Term Care Insurance plan does not cover care in a long term care facility.

**4. *Would I be better off saving on my own to pay for long term care if I need it?***

Some people don't have the discipline to set aside savings. And what if you need care before you've saved enough to pay for it? Instead, you can get lifetime protection for a fraction of what it would cost you to pay for the care on your own. This is especially true if you get coverage when you're younger. So, it makes more sense to protect yourself by purchasing long term care coverage right away.

**5. *How long will it take before I know if I am approved for Long Term Care Insurance?***

The underwriting process generally takes approximately one month. This time may vary depending on your age and the complexity of your medical history.



**6. *If I apply for coverage and am accepted, when will my coverage become effective?***

Your coverage will start the first of the month following the approval of your application.

**7. *The application mentions that ACE Life may need to obtain my medical records from my doctor. What kind of records would they need and why?***

ACE Life may ask your doctor to complete an Attending Physician Statement (APS). This is a summary of your medical history based on records from your doctor. This helps determine your medical eligibility for coverage. Doctor's offices are used to providing this information to insurance companies.

**8. *The application form asks for the best time of day to call. Will an interview be conducted? Who does the interview and why is it done?***

If you are under 70 years of age, a nurse may contact you and conduct a telephone interview. If you are age 70 years old or over, ACE Life will arrange a convenient time for a specially trained nurse or social worker to speak with you in person. The questions this person will ask are very basic and are necessary to get the best information about your health.

**9. *What is a Cognitive Impairment?***

A cognitive impairment is defined as mental deterioration and loss of intellectual ability, evidenced by deterioration in memory, orientation and reasoning, which is measurable and results from demonstrable organic cause as diagnosed by a specialist. The degree of cognitive impairment must be sufficiently severe as to require continuous daily supervision.

**10. *Can my premiums change?***

The premium you pay is based on your age at the time you apply for coverage and will not be changed just because you get older or experience a change in health. Premiums can only change if it is justified based on a review of claims experience of the program. Any change in premiums would be made for everyone with similar coverage and you can never be singled out for a rate increase.



**11. *How does the 90-day waiting (elimination) period work?***

The waiting (elimination) period begins on the first documented day that you require assistance due to the loss of two or more ADLs or a cognitive impairment. The elimination period ends 90 calendar days later. Benefits become payable at the end of the elimination period as long as you continue to need assistance. Benefits continue until the lifetime maximum.

**12. *Who is the Care Coordinator?***

The Care Coordinator is a trained nurse or social worker who has experience working with long term care recipients and is sensitive to their needs. The Care Coordinator works for an independent agency designated by ACE INA Life Insurance and:

- assesses your physical, cognitive, social and medical needs and works with you and your family to determine the specific services you may need and also arranges for the services;
- is available as a patient advocate who helps you coordinate your care needs;
- will develop a Plan of Care and recommend quality providers in your area based on your specific situation; and
- will help you maximize the value of your long term care coverage, support you and your family, and help you locate quality providers of care.

**13. *What is a 'Plan of Care'?***

A 'Plan of Care':

- specifies your long term care needs;
- specifies the services and providers most appropriate to meet those needs;
- indicates the costs, if any, of the services you may need; and
- is an ongoing plan and is updated by your Care Coordinator as your needs and circumstances change.

**14. *If I make a claim for benefits and I recover before depleting the lifetime maximum amount, what happens if I have another claim?***

Benefits will be paid on the new claim as long as you have not depleted the lifetime maximum. You will have to satisfy the elimination period for each period of care unless it is considered recurring. A recurring period of care is two or more periods of care which are separated by less than six months and are of related causes.

## *Frequently Asked Questions - Taxation*

There are no specific income tax laws for long term care insurance. The following recommendations are based on our assessment of current tax laws and the current Canada Revenue Agency interpretation. We recommend that you consult with your financial advisor or tax accountant about your individual situation.

**15. *Can I claim my premiums as a medical expense for income tax purposes?***

No, the ACE Life Long Term Care Insurance plan is not considered a private health services plan, and the premiums paid by an individual for coverage under the plan are not a qualifying medical expense.

**16. *Can I claim my long term care expenses as a medical expense for income tax purposes?***

Yes, your actual medical expenses in excess of those reimbursed are eligible for the medical expense tax credit.

**17. *Will my benefits and reimbursements be taxable?***

No, your Cash benefits and reimbursements from the ACE Life Long Term Care Insurance plans are not taxed because the policy is owned by and the benefit is payable to an individual.