DICKHOLTZ WEALTH MANAGEMENT

Strategies For Life

NEWS

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HIGHLIGHTS / STORY IDEAS

- Advisor: Waiting on long-term care insurance could lead to potentially devastating financial consequences.
- Local financial advisor offers tips for reviewing health insurance.
- Bylined version available upon request.
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Controlling Risk Mandates Health Insurance Reviews

Don't Ignore Health Risks in Retirement Planning Warns Financial Advisor

CHICAGO, IL (July 2, 2009) — Consumers struggling to re-build retirement funds, are concerned with controlling risk. When reviewing risks associated with the market, interest rates and inflation, often overlooked can be the potentially more devastating health risks. In fact, the cost of extended nursing care could wreak serious damage on a retirement fund.

Ironically, as consumers' need for long-term care (LTC) insurance has increased, the recessionary environment has prompted insurance companies to re-assess their own risk levels, making the coverage more difficult and expensive to obtain. "While an annual health insurance review is always helpful, today's risk-adverse environment makes the evaluation imperative," says Lisa Dickholtz of Dickholtz Wealth Management, suggesting weighing the trade-offs between the peace of mind a LTC policy might bring and the cost of premiums. "The review process needs to begin around age 50," says Dickholtz. "Waiting until you're 70, especially as insurance companies tighten their underwriting guidelines, may be too late."

In fact, a recent American Association for Long-Term Care Insurance (AALTCI) report indicates risk adverse consumers are purchasing LTC insurance sooner rather than later. Of the 400,000 individuals who purchased long-term care insurance protection in 2008, 84% were younger than age 65.

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Why the rush? The younger the applicant, the greater the chance of preferred health discounts that can reduce the cost of long-term care insurance by 10 to 20 percent each year, amounting to hundreds of dollars a year in savings for the average couple. In 2008, according to AALTC, of the applicants between the ages 40 to 49, 63.2% were granted a preferred health discount. However, 45% of those age 70 to 79, and 70% of those over 80 were denied any kind of coverage for individual policies.

"The ideal LTC policy should factor in age, health, family history, income from wages, pensions for each spouse, Social Security benefits, real estate and other assets, and your income needs," says Dickholtz. "In addition to traditional pay-as-you-go policies, the industry offers cash value life or annuity policies that allow you to retain the entire investment value for use in your lifetime whether you use it for LTC or not, or that will pay to your beneficiaries as a death benefit." To further complicate choosing a policy, insurance companies seem to introduce new riders on a daily basis and contract language is often ambiguous.

Cost has been the reason for putting off purchasing LTC insurance until a decade or two before retirement. However, in this financial environment, the reasons for acquiring LTC coverage earlier in life are compelling. A recent large loss of principal in a retirement account doesn't necessarily require taking uncomfortably higher risks to recoup losses. A less risky alternative could be adding a LTC policy to provide inflation-adjusted, guaranteed income for healthcare needs later in life. Guarantees are based on the claims paying ability of the issuing insurance company.

"Ask your financial advisor for help in designing a policy that meets your unique needs and coordinating your LTC coverage with other insurance," recommends Dickholtz. "Evaluating LTC and disability insurance can be complicated -- and emotional. The task will be easier if you view the products as risk management tools, similar to homeowners or auto insurance." Above all, remember that, like investments, health insurance needs are individual.

About Lisa Dickholtz

Lisa Dickholtz has been a part of the financial services industry for 21 years. As President of Dickholtz Wealth Management in Northbrook, IL and a wealth advisor with Securities America Advisors, she specializes in aiding families, family stewards, widows and single women in the growth and preservation of personal and family wealth. Dickholtz takes a collaborative approach to addressing her client's needs by consulting with a team of professionals, including CPAs and attorneys, in order to assess and formulate customized plans for accomplishing personal financial objectives.

Dickholtz holds a Bachelors degree in Management and Finance from Purdue University. She is a CERTIFIED FINANCIAL PLANNER™ practitioner having earned the CFP® designation from the CFP Board of Standards. Throughout her career Dickholtz has made a commitment to educate others on simple but important steps that will help them to make financially sound decisions. She has conducted numerous financial planning workshops and has been featured in the Chicago Tribune. Learn more at www.dickholtzwm.com.

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NOTE:
When you need a knowledgeable professional to speak on complicated financial topics in an easy-to-understand and engaging manner, please call Lisa Dickholtz at Dickholtz Wealth Management.

SOURCE: Written by Lisa Dickholtz, Securities America, Inc. Registered Representative in conjunction with Impact Communications.

AdTrax # 69573