



# Long-Term Care and Disability Insurance

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**W**hat is the difference between long-term care insurance and disability insurance and what are their purposes?

Long-term care insurance is insurance that will cover the cost of a long-term care from a disability due to age, illness, or injury. Long-term care can include care at home, or care in a skilled care facility such as a nursing home or convalescent care facility. Long-term care insurance will pay for room, board, and skilled care by doctors, nurses, and other skilled healthcare persons. Long-term care insurance policies, premiums, and coverage can be designed with any number of variables that can include:

1. A waiting period of various lengths of time before benefits will begin;
2. A variable coverage period from any number of years to life; and
3. A variable monthly dollar maximum amount of benefits to be paid.

Just like any other kind of insurance, long-term care insurance can only be purchased when the benefits are not needed and the proposed insured is healthy. However, most people do not usually consider acquiring such coverage until they are at least in their fifties. When estate planning for disability, you and your estate planning attorney should work closely with a long-term care insurance advisor who can design coverage plans.

Disability insurance coverage is intended to be income replacement insurance. This kind of insurance is usually acquired during your working years prior to age 65 and will usually provide benefits of up to 60% of your current income if you become disabled due to illness or injury. Similar to a long-term care insurance policy, premiums and coverage under a disability policy can be designed with any number of variables that can include:

1. A waiting period of various lengths of time before benefits will begin;
2. A variable coverage period from any number of years up to age 65; and
3. A variable monthly dollar maximum amount of benefits to be paid, usually up to 60% of your current income.

Another kind of disability insurance that can be acquired is known as business or professional overhead expense insurance. This type of insurance will cover the normal overhead expenses of a business or professional practice should a business owner or professional become disabled. It will help to keep the business or professional practice continuing during the period of disability of the business owner or professional person by paying the salaries of employees, the rent or mortgage for the business building or office, and the utilities and other expenses that would normally be paid for by the revenue that would have been generated by the business owner or professional had he or she not become disabled.

When estate planning for disability for a business owner or a professional, you and your estate planner should not only bring up the discussion of disability insurance and business or professional overhead expense coverage, but you should also work closely with a disability insurance advisor who can design a plan for them.

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