

MONEY MANAGEMENT

Pros, Cons of Long-Term Care Insurance

Although long-term care is one of the issues addressed in President Clinton's health care reform package, there is no guarantee that the government will pick up the tab for our long-term health care needs. In fact, in recent years, the government has tightened the rules on providing Medicaid assistance, compelling taxpayers who can afford to do so to pay a greater proportion of the costs for nursing homes and home health care.

One way for you to provide for your long-term care needs is by purchasing long-term care insurance. The N.C. Association of Certified Public Accountants says that the cost benefit of purchasing such insurance depends on a number of factors, including your current income and assets, age and health, as well as your anticipated life expectancy.

What Is It?

Long-term care insurance provides coverage for long-term care expenses that result from aging, a chronic illness or a debilitating condition such as Alzheimer's or Parkinson's disease. While most people think of long-term care insurance as a means of paying nursing-home costs, you can be insured for much more than that.

Today, it is common for policies to cover expenses for hospices, adult day care centers, and home health care. The latter can include speech

therapy, physical or occupational therapy, services of home health aides and even housekeeping. Some policies also pay for traditional medical care and for custodial care in cases of mental impairment.

Worth the Price?

Monthly premiums for long-term care policies may range from \$20 to several hundred dollars. The younger you are, the lower the premium amount. However, if you're under age 40 and no chronic diseases run in your family, you may be better off socking money away in tax-deferred retirement plans or investing your money in other vehicles. The chances of you recouping what you would contribute to long-term care insurance over 30 or 40 years are slim.

Most people begin to seriously consider purchasing long-term care insurance when they are about age 60. At this point, premium amounts are still relatively modest for those in good health.

People who would benefit the most from long-term care policies are those with long life expectancies who have substantial assets. Such individuals would not qualify for Medicaid. If they required expensive long-term care, they would deplete their assets quickly, leaving little for a spouse or children.

On the other hand, if you have

few assets and a modest income, the strain of paying for long-term care insurance may not be worth the price. If you required long-term care, you would most likely qualify for Medicaid in a relatively short period of time.

Influences On Cost

In addition to your age, the benefit amount and deductible period influence the cost of long-term care insurance. Policies will offer you a choice of daily maximum benefits ranging from \$50 to \$200. You can also select a lifetime maximum benefit which is usually the equivalent of three, five or 10 years at your daily maximum benefit amount.

In selecting a benefit amount, consider the average cost of nursing home care in your area and how much of the nursing home bill you anticipate paying yourself. Be aware, too, that some policies offer inflation riders, giving you the option, usually on an annual basis, of increasing your daily and lifetime maximums by a specific amount.

The deductible period—that is, the amount of time you pay your own costs until insurance kicks in—also affects your premium amount. For example, your coverage may begin after 20 days, 60 days or 90 days.

Where To Buy

CPAs point out that there are a

number of sources for long-term care coverage: group policies offered by employers, personal individual policies offered directly by an insurance company, and special types of insurance policies that pay upon death or disability. Be sure to review all these options before signing any long-term care insurance contract.

Money Management is a weekly column on personal finance prepared and distributed by the N.C. Association of Certified Public Accountants.

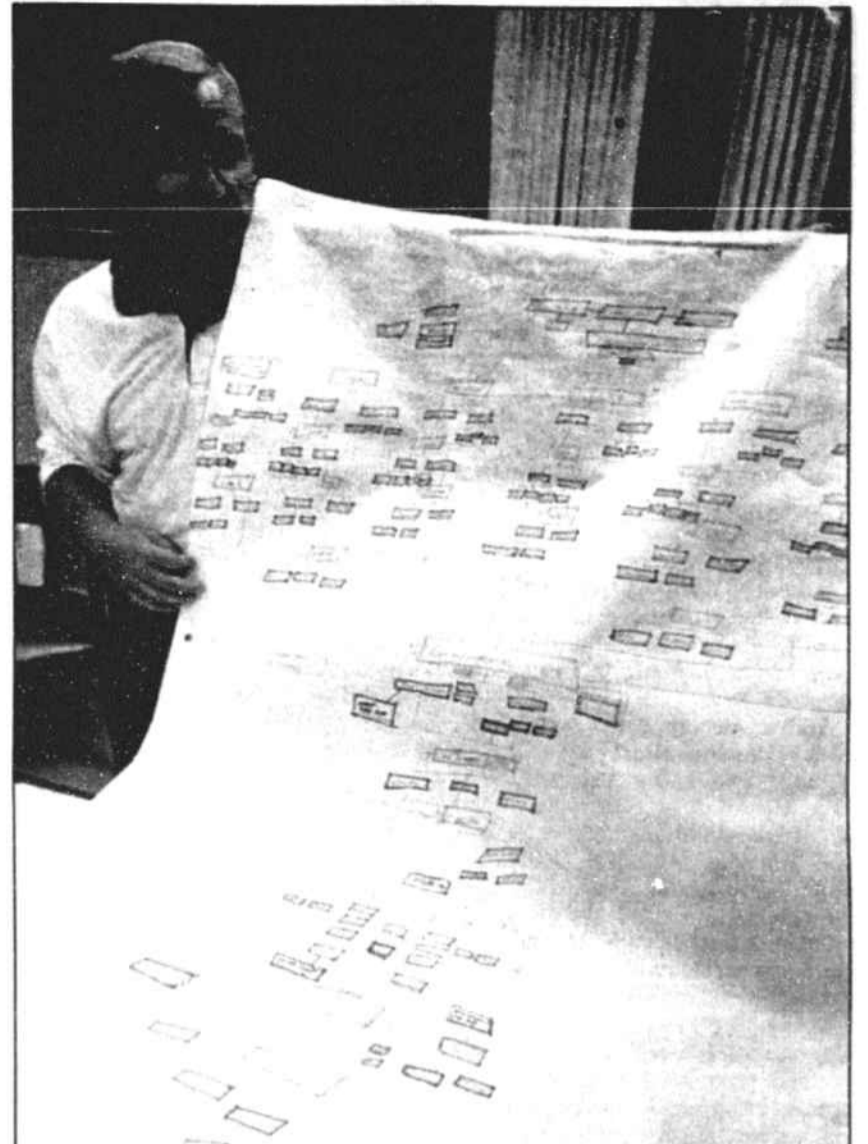
Black Honored At National Conference

Bonnie Black of ERA Callihan, Teal and Skelley was one of two agents recognized nationally at the Beyond Excellence conference July 20-22 in Vail, Colorado.



Black has been with ERA for 2 years and received the Leadership Award in 1993 for exceeding \$5 million in sales.

The Beyond Excellence program offers seminars and workshops for top-producing agents to assist them in their sales efforts.



STAFF PHOTO BY ERIC CARLSON

Too Complicated?

Brunswick County Commissioners Chairman Don Warren displays a flow chart showing the permitting process and regulatory side-tracks that can be encountered by anyone applying to build a home almost anywhere in North Carolina. Officials in the planning, zoning, health, engineering, inspections and other departments are working with interim County Manager Charles McGinnis to create a "one-stop-shopping" central permitting office that will link the county agencies by computer.

Coastal Management Focus Of National Conference

A national conference on innovations in coastal management will be held Sept. 7-9 in Wilmington.

Part of the Year of the Coast celebration held in recognition of the 20th anniversary of North Carolina's Coastal Area Management Act, the conference will focus on topics such as environmental education, growth management and water quality protection.

Lectures, discussions and field trips will explore approaches taken by various states to coastal zone management. The program looks at the roles of scientists, coastal managers, political leaders and citizens in balancing the pressures of recreation and tourism, commercial and sports fishing, increasing population and development with the protection of fragile coastal ecosystems.

The North Carolina General Assembly passed the Coastal Area Management Act in 1974 to protect and preserve North Carolina's coastal resources through orderly

development and management. The state carries out that law through a program that integrates regulation and local land-use planning and through the acquisition and management of unique natural areas.

The September conference is the culmination of a year of work by a blue-ribbon governor's panel studying coastal management in North Carolina.

That panel, the Coastal Future Committee led by Richardson Preyer, will present its final report to Gov. James B. Hunt during the conference. It contains the panel's recommendations for future coastal management in North Carolina.

Attendees can register for the full conference for a fee of \$85, which includes a field trip, reception and banquet, the Thursday night musical comedy "King Mackerel and the Blues are Running" by Coastal Cohorts Bland Simpson, Don Dixon and Jim Wann, and breaks. On-site check-in and registration begins at 8:30 a.m. Wednesday.

A la carte registration offers a choice of attending only the Wednesday night reception and banquet, \$35; field trip, meeting registration and Thursday lunch, \$38; or "King Mackerel and the Blues are Running" only, \$12.

Wednesday field trips (10 a.m. to 3 p.m.) include a choice of one of the outings below:

- Hammocks Beach State Park for a look at aeolian land forms and environmental education efforts;
- a discussion by Bob Stoud of The Coastal Area Management Act;
- a tour of undeveloped Bird Island by Frank Nesmith with discussion of barrier island dynamics, natural heritage protection and North Carolina's development permitting process;
- a visit to Topsail Island with a geologist to look at examples of good and bad examples of living with barrier island geology, with a

discussion of barrier island dynamics and sea-level rise;

- a tour along the New River, with discussion of coastal fisheries and habitat protection, including threats to the fishing industry;
- a river walk led by UNC-W Chancellor James Leutze to discuss the Cape Fear River and the processes influencing this river. He will discuss the coordination between government, academic, development and citizen group interests; and
- a discussion with New Hanover County planners on the development of watershed plans for tidal creeks and the importance of local land-use planning to the area.

To obtain a registration form call Jordan McColl, Inc. in Wilmington at 1-800-258-6711.

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