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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 Local Financial Advisor*

WATERBURY, CT (June 22, 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 Jim Coleman of Coleman Financial Advisory Group, 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 Coleman. "Waiting until you're 70, especially as insurance companies tighten their underwriting guidelines, may be too late."

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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.

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 AALTCI, 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 Coleman. “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 Coleman. “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 Jim Coleman

Jim Coleman has been in the financial services industry for over 20 years. He founded Coleman Financial Advisory Group, voted “The Best Financial Advisor of Greater Waterbury for 2008 and 2009”. Coleman specializes in providing comprehensive financial planning, asset management and estate planning services. He

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holds a degree from Northeastern University, in Boston, with a double major in finance and marketing. He is a member of the Financial Planning Association and is the President of the Connecticut Chapter of the Society for Financial Awareness.

Coleman's passion is finding solutions to financial problems and further educating his clients and the community. Listeners in Connecticut rely on Coleman to deliver sound, accurate financial advice as host of *All About Money*, a radio talk program. He writes a financial planning column for a local newspaper, the *Prospect Pages*, and recently authored a book titled *Educated Investing: Your Guide to Surviving and Thriving in the Fast-Paced Global Markets of the 21st Century*. Visit www.ColemanAdvisoryGroup.com to learn more.

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NOTE:

When you need an experienced professional to speak on complicated financial topics in a clear and concise manner, call Jim Coleman at Coleman Financial Advisory Group.

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The "Best of Greater Waterbury" award was determined by survey responses sent in by readers of The Observer newspaper for the months of March and April in 2008 and 2009.

SOURCE: Written by Jim Coleman, Securities America, Inc. Registered Representative in conjunction with Marie Swift.

AdTrax # 69573