

Regulator calls for a long-term care planning shift

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Teresa Miller of Pennsylvania says long-term care planning must follow the same path that retirement planning took. (Photo: Thinkstock)

The head of the Long Term Care Innovation Subgroup says creating a savings mentality has to be part of improving the U.S. long-term care planning system.

Teresa Miller, the Pennsylvania insurance commissioner, talked about an effort to shift the country to a long-term care savings mentality in a document prepared for a subgroup meeting held in December.

The subgroup is an arm of the National Association of Insurance Commissioners, a Kansas City-based group for state insurance regulators.

Miller, the chair of the subgroup, said managers of traditional pension funds had to overcome the idea that the "defined benefit pension plan does it all," and move toward encouraging workers to save for their own retirement using 401(k) plans.

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The long-term care finance community needs to follow a similar path, to get past overly ambitious long-term care insurance strategies that created toxic blocks of business and unaffordable premiums, Miller told the subgroup.



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Miller said regulators should work to:

- Change regulations to support long-term care savings products, and hybrid products that combine long-term care insurance benefits with other types of products.
- Support federal tax incentives that promote long-term care savings; and
- Increase awareness of existing products that support a savings mentality such as hybrids, annuities aimed at people who already need long-term care services, life settlements and reverse mortgages.

Birny Birnbaum, one of the consumer advocates who represents consumers in NAIC proceedings, said tax incentives often help the wealthy, according to the meeting notes. Birnbaum said designers of tax incentives need to think about how they might affect lower-income people and people who do not pay taxes.

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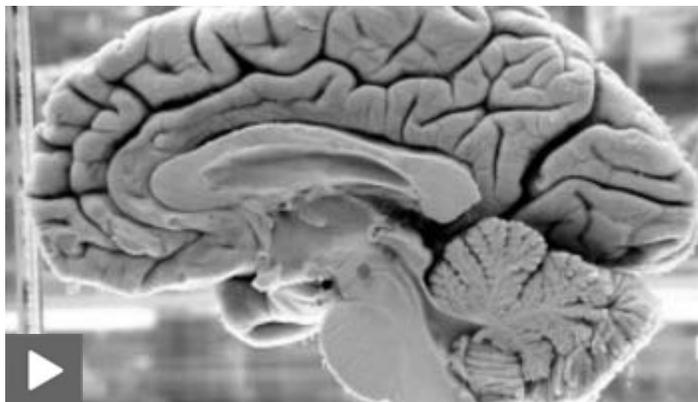
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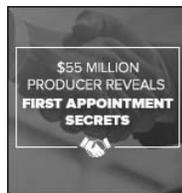
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