



RETIREMENT

Yahoo Finance: Reverse Mortgages as Alternative to Long-Term Care Insurance

By **Chris Clow** | February 12, 2020

When attempting to anticipate long-term care needs, the process can be intimidating because of the cost involved. That cost may naturally lead a senior to look for alternative sources of funding for specific long-term care (LTC) needs, and a reverse mortgage may be one such alternative for seniors in a specific situation.

This is according to SmartAsset's Rebecca Lake in a new posting on Yahoo Finance.

"Long-term care insurance can help preserve your retirement assets, but the premiums can be pricey," Lake writes. "Not to mention that if you buy long-term care insurance and never need nursing care, you can't recover the money you already paid in. Researching alternatives, such as life insurance, to long-term care insurance can help you decide whether to buy a policy or to look elsewhere when planning for nursing home costs."

In exploring 8 options that could serve as possible alternatives to an LTC insurance policy, reverse mortgage products come in at number 6, with the possibility of applying the loan proceeds to help finance care.

“There are some cons, however, starting with the fact that there are certain requirements you have to meet to be eligible for a reverse mortgage,” Lake writes. “And once you move out of the home and into a nursing care facility, the amount you received from the reverse mortgage lender must be repaid in full. If you don’t have the resources to cover it or your children aren’t able to pay, the home may have to be sold for the lender to be paid back.”

Other options Lake explores include life insurance living benefits; life insurance cash out; hybrid life insurance; annuity income; short-term care insurance; lef-pay for LTC; and Medicaid options.

Since Medicare typically does not LTC, Medicaid options are more realistic assuming that a beneficiary qualifies. Eligibility on Medicaid is based on wealth and assets, however, which may require spending down assets in order to reach the qualification threshold, Lake writes.

Reverse mortgage professional Steven Sless recently shared his journey in attaining a CLTC designation with RMD, and discussed how it taught him about the ways in which LTC and reverse mortgage interests can align for both clients and the professionals themselves.

“[The class helped me to] have a better understanding of Medicaid, not just what it covers but the different qualifications,” Sless told RMD in January. “We talked a lot about protecting assets to qualify for Medicaid, and what I learned was that Medicaid does help to fund long-term care, but oftentimes that long-term care is in a nursing home.”

Read the LTC [article](#) at Yahoo Finance.