



Financial Principles, LLC



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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.
- For more information or story ideas visit www.mediasourceportal.com.

Controlling Risk Mandates Health Insurance Reviews

Don't Ignore Health Risks in Retirement Planning Warns Local Financial Advisor

Fairfield, NJ (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 Brad Bofford of Financial Principle, 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 Bofford. "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 Bofford. “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 Bofford. “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 Financial Principles, LLC

Financial Principles understands the importance of planning – whether it’s for retirement, saving for college or even charitable giving. Two senior partners, Bradley H. Bofford, CLU, ChFC, and Mike Flower, bring a combined 25+ years of financial services experience to their clientele. Both are recognized as qualifying life members of the prestigious Million Dollar Round Table, “The Premier

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Association for Financial Professionals[®]”. As representatives of Securities America, Inc., Bofford and Flower are able to provide comprehensive services and advice in all areas of personal finance, such as estate planning, retirement planning and tax reduction strategies.

Bofford and Flower believe that a well-informed client is essential for success. They love taking clients from fear to confidence regarding finances, by placing a strong emphasis on educating people about how to prepare for and enjoy a comfortable retirement. Both advisors have contributed to articles in several leading trade publications including Investment News, Financial Advisor, and Research magazine as well as consumer outlets such as BusinessWeek, Money and New Jersey Business magazine.

Visit www.financialprinciples.com to learn more about the advisors at Financial Principles.

NOTE:

When you need a knowledgeable professional to speak on complicated financial topics in an easy-to-understand and comprehensive manner, please call the advisors at Financial Principles.

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