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FAMILY VALUE By Anne Tergesen

Should You Pay a Relative to Take Care of Mom?

According to a report by the National Alliance for Caregiving and AARP, 43.5 million Americans looked after a friend or relative age 50 or older in 2009, 28% more than in 2004.

Some 37% of caregivers surveyed by the NAC in 2007 said they had quit a job or reduced their hours to accommodate their responsibilities.

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While the cost of long term care provided by unlicensed professionals can be less costly than licensed professionals, costs can still add up quickly. Fortunately, many long term care insurance policies pay for care outside of assisted living facilities and nursing facilities, such as in your own home.

Some long term care insurance policies will pay for care provided by unlicensed friends and unlicensed neighbors, who can also provide homemaker chores. Some long term care insurance policies provide benefits on a reimbursement and/or indemnity basis (sometimes called a flexible cash benefit or cash model).

There are three basic versions of indemnity benefit options:

- 1) Cash Alternative Benefit.** Payment is made in lieu of reimbursement, and does not require submission of bills or proof of charges.
- 2) Flexible Cash Benefit.** Payment is made up to a certain percentage (50%, for example) as a reimbursement for long term care services, and the remaining portion of your benefit as cash. The cash portion of the payment can be used for anything you choose, including paying for informal care and other expenses not covered under the policy.
- 3) Cash Benefit.** The most flexible of the three options, this option will pay 100% of your benefit, regardless of your actual expenses. No receipts or proof of services are necessary and funds can be used to pay for family members to provide care, prescriptions, food, etc.

With a long term care insurance policy that provides indemnity benefits, you can utilize family members and/or licensed professionals as your needs change.

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