



Marc F. **Derendinger**

# Insurance News



## Tough Love And Denial

*It was a little more than two years ago, but his words still ring clearly as I recall the vivid memory of his testimony: this city employee had retired too early, in order to care for his sick wife. She eventually died, after battling her illness for more than six years. The City of San Jose's health plan did not pay for her care at home, and this former employee somberly recounted how he spent \$300,000 for her care, exhausting his deferred compensation account, his regular savings and eventually going into debt.*

HE STOOD VERY STILL, ADDRESSING a group of seventeen City of San Jose retirees: "you don't know how the system really works," he admonished, "you just don't know!" Prior to this event, he was an example of an employee doing every-

thing right: his mortgage was almost paid off, he had \$250,000 in deferred comp and other savings, and he was only a few short years from retirement. Currently, he lives on a reduced retirement check, because he was forced to take an early retire-

ment. After his wife's death, he went out and purchased a long-term care policy for himself and insists if he ever remarries, he will force his wife to purchase one.

I can guarantee, you are in denial about this: Does this statement tick you off? Am I arrogant? How would I know? The fact is, only 2 (two) percent of City employees have purchased long-term care insurance, even though the city offers a voluntary group LTC plan. Another 3% of you want it, but are no longer healthy enough to qualify.

The State of California Department of Aging says 9% of you will spend five or more years receiving long-term care: in today's dollars, that is \$400,000 out of your pocket, which is not covered by City health plans.

So you won't be in that 9%? Government studies say nearly one of two persons (50%) will need some long-term care. Sobering odds if you are married. Today, long-term care costs average \$5,000 per month

in San Jose, but in 20 short years this grows to \$13,266 per month!

Most people have long-term disability insurance (e.g., PORAC LTD plan), but they have not heard about the city's long-term care insurance plan. So what is the right age to start? I bought this coverage at Age 41. It is not very expensive when you are under 50. Send me an email at [lrc@derendinger.com](mailto:lrc@derendinger.com) and we will send you a free LTC Planning Guide, designed for City of San Jose employees and retirees (and dependents). This is the first step.

"You don't know how the system really works, you just don't know!" □

**Editor's Note:** *The Derendinger Insurance Agency has been the SJPOA's insurance broker since 1968. Marc Derendinger helped set-up the City's voluntary Long-Term Care program in 2001. He can be reached at 408.252.7300 or by email at [marc@derendinger.com](mailto:marc@derendinger.com)*