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Northbrook financial advisor focused on long term planning

By: Jackie Pilossoph | For Sun-Times Media | @helpsquadjp



"Long term care probably gets the least amount of attention because most people don't believe they will ever need it, and budgets are tight," said Northbrook Financial Advisor, Glenn Farkas. | Jackie Pilossoph/For Sun-Times Media

Getting older is something most people don't like to think about, but financial advisor, Glenn Farkas is telling his clients to face reality, particularly when it comes to long-term care planning.

"Long-term care probably gets the least amount of attention because most people don't believe they will ever need it, and budgets are tight," said Farkas, who is the owner of his Northbrook-based firm, Avista Wealth Management, which specializes in money management, insurance and estate planning. "But with increasing life spans and underfunded retirement portfolios, along with the uncertainty of Medicare, Medicaid and Social Security, there is a real fear among retirees that they will outlive their money."

Farkas, who holds an MBA in finance from DePaul University, and who worked for two large investment firms before starting Avista in 2009, said his emphasis on long-term care planning started when he began taking on more clients between the ages of 50 and 70.

"The first of the baby boomers began turning 65 on Jan. 1, 2011, with 10,000 more per day through 2030," he said. "They're flooding into retirement and many don't have adequate funds to sustain themselves."

Farkas also made mention of statistics from the U.S. Department of Health and Human Services that show 70 percent of men and women who reach age 65 will require some form of long-term care. Additionally, statistics show that 80 percent of men die married, 80 percent of women die single, and 75 percent of caregivers in the family are women.

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“What these statistics show is the real danger for married women. Annual costs in Illinois for long term care can exceed \$70,000. Men, typically the older spouse, begin long-term care first and spend down the couple’s assets,” he said.

Long-term care insurance, which pays for services such as assisted living, nursing home stays, or an in-home care provider can be purchased a couple different ways, according to Farkas.

“You can purchase a traditional long-term care insurance policy, but I wouldn’t recommend it,” he said. “Depending on when it’s purchased, premiums could last 25 years or more, and the threat of a significant premium increase in the later years is too risky.”

Farkas recommends buying a life insurance policy along with a long-term care rider, which allows the policy holder to access the death benefit if long-term care services are needed. Most policies allow using 1-2 percent of the death benefit per month for long term care. In other words, as opposed to a traditional policy, it’s not a “use it or lose it” situation.

Craig Umphress is a Life Brokerage Manager at Guardian Life Insurance Company who said the company’s long-term care rider product is “flying off the shelves.”

“The reason we came out with this product is because a lot of people were hesitant to buy traditional long-term care insurance,” he said. “They felt if they didn’t use it then the premiums were wasted.”

Umphress explained that with a long-term care rider, if the policy holder uses some of the money for long term care, the amount gets deducted from the death benefit, but the beneficiaries still get the balance of the unused funds. If the policy holder never needs long-term care, their beneficiaries end up with the entire death benefit.

Farkas said his business is primarily focused on managing assets, and as a fiduciary he has the responsibility to act in his client’s best interests.

“That means taking into account the client’s entire financial picture and various risks which could derail the plan, such as an untimely death, illness, disability or lawsuits,” Farkas said. “Long-term care will be one of the most pressing problems that people who cross 50 could face.”

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