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# Long Term Care Annuity

An annuity is a series of regular payments over a specified and defined period of time. The funds for the annuity come from a single premium payment that you make when establishing the account. There are two types of annuities: deferred and immediate.

A deferred annuity includes two funds. The interest-bearing long term care fund is used to pay for long term care services and insurance. The cash fund grows at a guaranteed rate of 3 percent. To be eligible for this annuity, you must be under the age of 85 and meet health requirements. Individuals with specific conditions such as dementia or Parkinson's are not eligible. The monthly amount depends upon the annuity value and generally provides coverage for up to 3 years.

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For those who are not eligible for insurance because of pre-existing medical conditions, an immediate annuity provides long term care coverage. This generally requires completing a medical questionnaire

the insurance company uses to determine the price and length of payouts. Once you pay a single premium payment, you are guaranteed a monthly income for the rest of your life.

Advantages	Disadvantages
If you have existing medical conditions, an annuity may be easier to qualify for than long term care insurance.	The annuity may not be enough to pay for long term care expenses, especially if the annuity does not account for future price increases (inflation).
You can get an immediate annuity even if you're already receiving long term care.	Complicated tax implications mean you should consult with a tax advisor.
If you don't use up the entire annuity, you may be able to leave the rest to your heirs.	For a deferred annuity, the benefit length typically lasts only three years.

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- [Caregiving Overview](#)
- [Housing](#)
- [Staying at Home](#)
- [Assisted Daily Living Aids](#)
- [Mental & Physical Health](#)
- [Support Services](#)
- [Legal & Financial](#)
  - [Planning for Long Term Care](#)
  - [Paying for Long Term Care](#)
    - [Disability Insurance](#)
    - [Family-Provided Care](#)
    - [Health Insurance](#)
    - [Life Insurance](#)
    - [Long Term Care Insurance](#)
    - [Long Term Care Annuity](#)
    - [Medicaid](#)
    - [Medicare](#)
    - [Personal Savings](#)
    - [Reverse Mortgages](#)

- [Medicare & Medicaid](#)
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  - [Caregiving Overview](#)
  - [Checklists](#)
  - [Housing](#)
  - [Staying At Home](#)
  - [Assisted Daily Living Aids](#)
  - [Mental & Physical Health](#)
  - [Support Services](#)
  - [Legal & Financial](#)
  - [Planning for Long Term Care](#)
  - [Definitions](#)
- [Caregiving Situations](#)
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  - [I'm a caregiver and I need help](#)
  - [I'm planning for the future](#)
  - [I want to connect with other caregivers](#)
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