The fiduciary argument for long-term care insurance

The lines that once separated the various financial disciplines have all but disappeared. Credit Unions are now supermarkets for financial products; lawyers and accountants who once swore they would never sell insurance because of the inherent conflict of interest are selling financial plans while financial planners are selling insurance.

While the "firewalls" may have burned tot he the ground, there remains one common goal; suggesting products and giving advice that helps the client grow life savings in a responsible way to accomplish long-term goals.

Ironically, the one risk that (other than a premature death) can devastate the best thought out plan is the one rarely talked about by financial advisors, the need for long-term care. In my 25 years in the field I have seen first hand how the cost of providing care impacts not just the individual but teh family as well.

I have long believed that failure to suggest long-term care insurance as part of a families overall financial plan amounts to a breach of an advisors fiduciary obligation.

Everyone expects to live a long life. Any reasonable person will agree that the longer he or she lives the likelihood of needing care becomes a given. How often however has a financial planner talked about allocating funds to pay for the client when this happens? Failure to so so subjects retirement funds to being spent on that care. Retirement needs are then met by invasion of principal which eventually impacts lifestyle and the financial viability of a surviving spouse.

Lawyers are getting the message. Look for suits to be brought against financial planners for breach of fiduciary responsibility. It just makes plain good sense to recommend a product that preserves life savings and allows a person to remain in the community when long-term care is needed.

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