



**HONEY  
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# How I Spent My Summer Vacation: The Case For Cash LTCI Policies

Having specialized exclusively in LTCI sales for the past 18 years, I was instantly intrigued by a story in my hometown paper, *The Houston Chronicle*, describing in glowing terms the burgeoning assisted living industry in Mexico. The facility featured in the article is located along Lake Chapala, just south of Guadalajara. The more I read, the more I felt compelled to visit and learn about this growing industry firsthand.

I will begin by describing why everything I researched, which suggested that this area was just short of heaven on earth, turned out to be true. I will then describe what I saw and heard when I visited assisted living facilities in Mexico and interviewed residents and their families. My visit to Mexico has opened my eyes and deepened my understanding of the possible advantages of cash-type LTCI policies.

Lake Chapala is just a two-hour, direct flight from my home in Houston, followed by a half hour cab ride. This area has a huge expatriate community from both the United States and Canada, estimated to be between 10,000 and 30,000 people—toward the lower number in summer and the upper number in winter.

It is paradise here. I am drafting this on my laptop in Ajijic, Mexico, in late July 2008. During daytime, it is 70 to 75 degrees, dramatically cooler than back in sweltering, over-air-conditioned Houston. I need long sleeves in the morning and some evenings! It's not humid. We sleep with open windows. I am presently sitting

outside, poolside, listening to all sorts of chirping sounds that are drowned out back in Houston.

Natives call this the rainy season, but we haven't had that much rain. There are verdant mountains above and beautiful Lake Chapala below. The town is adorable and quaint, with narrow cobblestone streets, people passing on horseback, and interesting galleries, shops and good restaurants. There is a central plaza with wonderful street life and activity we seldom see back home.

There is symbiosis between the local Mexicans and the expatriates, as both cultures freely interact. I feel very safe walking around alone. Retired foreigners living here obviously elevate the economy, and all seem to be subliminally aware of this. Even the plentiful, unleashed dogs seem nourished. Although there is a building boom going on, homes here still cost less than comparable ones back home. Suffice it to say that our vacation is a tremendous value.

Whether we are dining, enjoying our excellent bed and breakfast, getting spa services, shopping, or just stopping to chat with a stranger, service is better, slower, more caring and nurturing. This noticeable caring and nurturing is the clincher, and this is what I will elaborate on further.

The growing Mexican assisted living industry depends on American and Canadian clientele. Residents generally fall into two categories: those who were priced out of

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care stateside and do not own LTC insurance, and those whose children are retired in this area of Mexico and want their parents close by.

Chris and Patti Hansen from Vancouver, WA, lodged with us at the B&B. They commute back and forth to visit Chris's 85-year-old mom, Nellie, every two to three months. When I explained to them that I'd come to Mexico to write an article about Mexican assisted living, Chris was very eager to have me interview him. He enthusiastically described his family's Mexican assisted living experience. Like everyone I interviewed for this article, he emphasized the high quality of care given in Ajijic's assisted living homes.

Chris searched at length for assisted living for his mom back home before opting for Mexican care for her about three years ago. He was unable to find care that came close to what his mom now has. He explained that in Mexico, the ratio of caregivers to residents seems especially low—almost 1:1. I don't know what the actual ratio is, but my local observations concur with his. He stated that most caregivers don't speak English, but it doesn't matter: communication occurs. Caregiver turnover is low because being a caregiver in Mexico is a good job.

Relocating Nellie to Ajijic was a family decision. At the time the decision was made, Nellie could still speak fluent Spanish (she has since lost that ability). The family also decided on the Lake Chapala area because of the warm, sunny weather; Nellie was never a fan of the dreary northwest climate.

Patti Hansen said, "She is treated as a family member by all staff. Mexican culture is such that the care of the children and elderly are number one. We felt she deserved that type of care. None of us has ever regretted our decision. Our plans include doing the same should we need this type of care in the future, and our children agree with this decision." Patti continued, "Nellie is much loved by not only the staff but the other residents and visitors as well. She is very happy and well-known for her warm and loving ways."

The three assisted living homes I visited in Ajijic are owned by Alicia Sandoval, a nurse with 18 years of experience. Each home cares for people at different need levels. Assisted living residents live in large houses in the best area of town, off a wide, cobblestoned, tree-lined boulevard. Many of Alicia's large, extended family are actively involved in her assisted living business. Chris and Patti have gotten to know Alicia, her family, and all of the caregivers very well. They feel like members of her family themselves.

Although Nellie can no longer converse easily, she smiled and greeted me when I visited her in her very well-tended apartment. She was extremely well-groomed and seemed content with her excellent care. As we sat together on the porch, Nellie watched several of the caregivers' children at play. There were also pets, a fenced yard, a nice breeze and an altogether good vibe.

Caregivers take Nellie on outings, to the doctor, or simply visit or walk with her. Total cost is \$1,300 a month, which includes full care, diapers, etc.—everything except medications and doctors' visits.

Agnes Baker has lived in Alicia's assisted living home for nearly three years. Her son, Dudley, retired to Ajijic almost 10 years ago, followed by his brother Ron. With both sons so far away, and with declining health and changing life circumstances, it was wise for Agnes to join her sons in Mexico. Agnes reluctantly left her long-time home in San Antonio, but understood that moving was the best option for her. Now Dudley can visit her every day, rather than every few months.

Agnes, who is in full command of her mental faculties, graciously welcomed me to her home, consisting of a large bedroom and bath, with a back door that opens to a big yard. The \$1,200 per month she pays includes maid service, laundry, meals and snacks, transportation, shopping and errands. If necessary, for \$25, the doctor will come see her.

There are certain costs that are not included in Mexican assisted living. I learned that medications are expensive in Mexico, and medications will not be prescribed in

the United States for disbursement in Mexico. The airfare for relatives wishing to visit is high. Agnes chooses to keep her Medicare and group medical insurance just in case she returns to the United States ("You never know," she explained).

In addition, I have observed a recurrent phenomenon unique not just to Agnes. I call it "spending reluctance." This means that whether or not someone can afford the cost of assisted living is often not that relevant. When care is needed, the thought of spending \$1,200 a month (or almost any amount) of their own money on care, for an indeterminate time, is disturbing to many, regardless of their ability to pay for it. I've seen this happen often. Due to "spending reluctance," LTC insurance can sometimes get a loved one who needs care, but who denies it, over the hurdle by getting them access to care earlier or more often.

**So there will always be a need for long term care insurance.**

My trip to Ajijic and research into Mexican assisted living has deepened my awareness of just how useful cash-type LTC insurance can be. Unlike traditional LTC insurance, cash-type policies pay for care and other expenses, anywhere in the world.

While I doubt that folks already ailing and living in the United States might make a first choice of assisted living in Mexico, if such people have children living in Mexico, they could easily wind up getting care there. Likewise, the flourishing expatriate community in Mexico is tightly knit, so if a U.S. resident living in Mexico needs care, why go back to the United States?

A recent Genworth survey states that the United States will need to recruit an additional 200,000 caregivers to meet demand over the next 20 to 30 years. Care in Mexico and other countries will continue to be a growth industry because labor is available—and it costs so little and delivers so much. When visiting with clients and assisting them in selecting appropriate LTC insurance coverage, I will be sure to ask them if anyone in their family lives abroad or if there is any chance they may retire abroad, and weigh that into the conversation. ☺