

Long-Term Care

Did you know?

Many Americans will need some form of long-term care during their lifetime. And because care costs can be substantial—and often rise over time—having a plan in place can help you protect your savings and keep more choices on the table.

As you near retirement, you should be looking forward to pursuing your goals, not worrying about how you will pay for long-term care expenses. That said, long-term care is an important consideration for anyone planning for retirement.

Long-term care is a broad term that describes a wide range of services to help you complete the basic personal tasks of everyday life. Examples of long-term care support services include:

- Bathing
- Dressing
- Using the restroom
- Incontinence
- Eating
- Movement and transportation

Individuals with cognitive disorders, such as Alzheimer's, often require long-term care. Others who require these services may have suffered a stroke, cancer, joint problems and more.³

How much does long-term care cost?

The answer to this question depends on the type and frequency of long-term care needed, as well as where you are located. Various types of longterm care include:

IN-HOME CARE

A professional care provider visits your home to provide support with daily living activities.

ADULT DAY CARE

This is typically an out-of-home setting that provides long-term support during the day, but no overnight support.

INDEPENDENT LIVING

Some people choose to live in an apartment or condo facility that provides both independence and support for certain daily living activities.

NURSING HOME CARE

This type of support is provided in a medical setting that offers skilled nursing care, as well as support for daily living activities.

1 <https://www.genworth.com/aging-and-you/finances/cost-of-care.html>

2 <https://www.cnbc.com/2022/02/17/the-cost-of-long-term-care-is-rising-amid-staffing-shortages.html>

3 <https://acl.gov/ltc/basic-needs/what-is-long-term-care>

How do people pay for long-term care?

Long-term care can be a significant expense, so it's important to have a plan in place to pay for it without threatening your overall financial stability in retirement.

There are several primary funding options.

SELF-FUNDING

With no other strategy in place, you may need to pay out of pocket for any necessary long-term care expenses. This can be a challenging option.

Consider that the cost of long-term care may equal several thousands of dollars each month, over several years. This type of expense can quickly erode your retirement savings and deplete the legacy you leave behind for a surviving spouse or children.

MEDICARE/MEDICAID

Most retirees rely on Medicare to fund a portion of their healthcare costs. However, Medicare does not cover any type of long-term care in nursing homes, assisted living facilities or an individual's own home.⁴

While Medicare will not pay for custodial care or assistance with daily living activities, it will typically cover medical services provided in various settings.

It is important to understand a key difference between "healthcare" and "skilled nursing care." Long-term care often involves non-medical services, such as helping an individual with bathing, eating or getting dressed. These activities do not qualify as skilled nursing care and, therefore, do not qualify for Medicare coverage. Medicaid may help pay for nursing care, but only after you have depleted most of your assets and have little income.

LONG-TERM CARE INSURANCE

Many people choose to purchase a long-term care insurance policy to help cover these expenses. There are many different types of long-term care policies, but they typically offer long-term care benefits in exchange for premiums.

Different long-term care policies have various features and benefits, so it's important to carefully select an option that meets your specific needs. The cost of a policy typically depends on your age, health, coverage amount and policy features. Some options include:

- In-home care coverage
- Spousal protection
- Inflation adjustments
- Death benefit for unused portion
- Home modifications
- Medical equipment

Depending on your specific needs, a long-term care policy may be an effective way to help you manage the cost of long-term care while also protecting your retirement nest egg.

4 <https://www.aarp.org/health/medicare-qa-tool/current-long-term-nursing-home-coverage.html>

Could you use some help navigating your long-term care insurance options?

Schedule a call to learn more.



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