

A Woman's Guide to Long-Term Care

Women face unique financial challenges as they age. When compared with men, women live longer, earn less, and spend fewer years in the workforce. Financial concerns are often more acute for older women who are divorced, widowed, or otherwise single, as well as for those who have spent all or a significant portion of their adult years caring for children and other family members. Consequently, planning for long-term care (LTC) is an issue of particular importance.

LTC assists people, through various support services, with activities of daily living, such as dressing, bathing, eating, transferring, and toileting. If a woman has difficulty performing two or more of these activities due to physical limitations, cognitive impairment, or both, LTC may be needed. LTC services are provided in the community, in an assisted living facility, or in a nursing home.

Most people are unaware of the actual costs associated with LTC. For example, according to the American Association of Retired Persons (AARP, 2009), the average cost of a nursing home is \$75,192 per year, and the average cost for assisted living is \$2,968 per month. It is important to note that these figures are national averages. Actual costs vary widely from state to state. If cost of living is high in an area, it is likely that costs for long-term care services will be well above the national average.

There are a number of reasons why it is important for women to plan for LTC.

First, women live longer. Back in 1900, women and men shared a similar life expectancy of about 47 years. Today, the longevity of both men and women has increased overall by 20 years, with the life expectancy for women generally five years longer than men. The U.S. Census Bureau (2009) reports that women represent 57% of those aged 65 and older, and 67% of those aged 85 and older. Unfortunately, with longer life comes an increased risk of health problems. In fact, the Administration on Aging (AoA, 2009) reports that women are twice as likely as men to live in a nursing home. They are also more likely to sustain a disability or be diagnosed with a chronic health condition.

Second, women often lack the resources necessary to fund the care needed later in life. According to the U.S. Department of Labor (DOL, 2009), the average woman in the U.S. who is employed full-time earns less than her male counterpart (80 cents for every dollar a man earned in 2007). In addition, women typically spend nearly 12 years out of the workforce while taking care of children or elderly parents. It is not uncommon for many women to spend years juggling family, professional, and caregiving responsibilities, and as a result, their income is disrupted, hindering their ability to save money or attain financial stability.

Finally, shorter careers and lower incomes often result in lower Social Security benefits. According to the Social Security Administration (SSA, 2009), the average annual Social Security income received by women 65 years and older was just \$10,685 in 2007. Moreover, married women often don't know that the benefits accrued by their husbands may be reduced if they are widowed or divorced. These factors put many women at high risk for poverty as they age, especially if they do not plan accordingly.

Many women think their children or other relatives will be there for them, should the need for LTC arise. But even if the willingness is there, the costs associated with caregiving often exceed the financial capabilities of the average family. And, if medical care is required, family members may not have the necessary skills to provide care. As you can see, the time has come for women to look toward the future and prepare for LTC.

The Insurance Alternative

The good news is there is an alternative. LTC insurance can help cover LTC expenses before you meet the strict requirements for Medicaid eligibility. Many policies cover the costs of nursing homes, assisted living/residential care facilities, adult day-care centers, and/or home care. The cost is typically based on your age, your current health, and specific policy features, such as scope of coverage, levels of care, and duration of benefits. LTC insurance is designed to help you maintain your independence and quality of life, while offering increased options for care.

Needless to say, it is difficult to prepare for the possibility that you may one day need LTC. While you don't know what the future holds, planning today for an uncertain tomorrow may help preserve your assets, increase your options for care, and perhaps most importantly, bring you and your loved ones peace of mind.

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