



## 4 Questions to Ask About Long-Term Care

As you age, calculating the chances that you'll need long-term care—and the associated costs—is incredibly important. More than half of people turning 65 will require long-term care during their lifetimes, and the costs may be much higher than you expect. In 1980, the U.S. had \$30 billion in long-term care spending. By 2015, that figure ballooned to \$225 billion.<sup>1</sup>

### 1. What is long-term care?

Long-term care includes the services and support that help someone meet their daily needs. Rather than centering on healthcare, most long-term care supports people's daily activities, such as dressing, bathing, and cooking. The services can also include other tasks like managing money, caring for pets, and taking medication.<sup>2</sup>

#### **Avg National Long-Term Care Expenses in 2017:**

*Home Health Aide: \$49,192/year*

*Assisted Living Facility: \$45,000/year*

*Nursing Home Semi-Private Room: \$85,775/year*

*Genworth Financial Cost of Care Survey, 2017*

### 2. What might long-term care cost you?

Paying for care in your later years can be daunting. Recent data showed that a healthy, 65-year-old couple that retired in 2017 could expect to pay \$275,000 for healthcare in retirement.<sup>3</sup> That number does not include the costs for long-term care—which can add up even more quickly. Just one year in a private nursing home room cost a median price of over \$97,000 in 2017.<sup>4</sup>

These expenses are also increasing. Since 2004, the costs for long-term care have risen almost 3 times as fast as inflation.<sup>5</sup>

### 3. What will government programs pay for?

In its 2017 Cost of Care Survey, Genworth found that 2/3 of respondents expected government programs

to support at least part of their long-term care expenses.<sup>6</sup> Often, that is not the case.

While most Americans can rely on Medicare for routine medical issues and hospital procedures after age 65, there are limits to what it will cover. For example, Medicare does not cover long-term care if you don't also need other services.<sup>7</sup>

Medicaid pays a significant amount of long-term care expenses for some Americans but has very strict financial restrictions. If you have more than \$2,000 in assets beyond your car and home, you probably won't qualify.<sup>8</sup>

#### **4. How can you prepare?**

Depending on your personal financial situation, you may have a number of options available to help prepare for future long-term care expenses. For example, if you have sufficient wealth, you might be able to self-insure and cover long-term care costs without threatening your (or your spouse's) lifestyle. Disciplined savers might consider setting aside money each year to cover healthcare needs. Long-term care insurance is also an option that could make financial sense. One of the main reasons that couples purchase long-term care policies is to protect a healthy spouse if the other requires expensive care or needs to go into a nursing home.

Bottom line: Healthcare planning is complex, and you need to consider many factors in your personal situation. Long-term care insurance policies contain exclusions, limitations, reductions of benefits, and terms for keeping them in force. We strongly recommend working with a professional who can help you evaluate your options and determine the best strategy for your needs.

#### **How We Can Help**

Anticipating your long-term care needs is a complex and personal process, and being proactive is critical. With professional advice, you can find help preparing for future expenses, so you remain independent as long as possible without outliving your assets. If you're concerned about your long-term care costs or want to discuss options, please give us a call. We would be delighted to speak with you.

#### **Footnotes, disclosures, and sources:**

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<sup>1</sup> <http://news.morningstar.com/articlenet/article.aspx?id=823957>

<sup>2</sup> <https://longtermcare.acl.gov/the-basics/what-is-long-term-care.html>

<sup>3</sup> <https://www.cnbc.com/2017/08/24/average-couple-will-spend-275000-on-health-care-in-retirement.html>

<sup>4</sup> <https://www.usatoday.com/story/money/personalfinance/retirement/2017/09/26/long-term-care-costs-surging-survey-says/703254001/>

<sup>5</sup> <http://newsroom.genworth.com/2017-09-26-Genworth-2017-Annual-Cost-of-Care-Survey-Costs-Continue-to-Rise-Across-All-Care-Settings>

<sup>6</sup> <http://newsroom.genworth.com/2017-09-26-Genworth-2017-Annual-Cost-of-Care-Survey-Costs-Continue-to-Rise-Across-All-Care-Settings>

<sup>7</sup> <http://www.medicare.gov/coverage/long-term-care.html>

<sup>8</sup> <https://www.forbes.com/sites/nextavenue/2017/11/21/medicare-medicaid-and-long-term-care-your-questions-answered/#3ce7c3d076c9>