

If you are a baby boomer, this could be the defining issue of your financial life.



It's November, so break out the party hats and call the caterer! Why? Because November is Long Term Care Month. I know, I know, you've been waiting all year for it, but your wait is over. Stop by my office for some champagne, and we'll raise a glass. Fun!

Those of you who are regular readers of my *Slidell Magazine* articles know that how to deal with and pay for long term care is a frequent topic of mine, and I'm not about to stop. My boots-on-the-ground experience with clients and family members has convinced me that dealing with long term care is going to be one of the defining financial issues for baby boomers, primarily because most of them are completely unprepared for it. I'm not going to sugar-coat this: because we're living longer, the need for long term care is not going away, it's going to affect a lot of people, the cost for professional care is high, and someone is going to have to pay for it.

Here are some things we all need to ponder:

1. **A lot of people are going to need care when they're old, and there's a good chance that you – yes, you – will be one of them.** The U.S Department of Health and Human Services has reported that about 70% of people age 65 or older are going to need some type of long term care before they die.¹ Whether that care is given in a nursing home, assisted living facility, daycare program, or in one's home, **seven out of ten** of us are going to need assistance with the things we do every day, such as eating, dressing, or bathing. Or, we might have a significant mental impairment, such as Alzheimer's disease or dementia, and will rely on someone to help us manage our lives. We or our family members are either going to have to 1) pay for it out of pocket or with insurance, or 2) figure out how to provide the care without paying for it. Of course, you might be one of the three out of ten people who might not need care, but I don't like those odds.
2. **Long term care is expensive.** Lucky for us, we live in Louisiana. Among the many blessings we enjoy here – Mardi Gras, crawfish boils, drive-through daiquiri shops – you can also count lower-cost long term care. The average annual cost of a private room nursing home stay in our state is about \$62,000, one of the lowest costs in the nation.² However, even though costs are lower here, they can add up fast, and you don't have to be a financial advisor to figure out how quickly a retirement account can implode when thousands of dollars a month have to be shelled out to someone to take care of you. Even in-home care at \$15 an hour² can add up quickly. **Don't waste your retirement money on long term care.** Insurance companies are in the business of paying for it and they do a fantastic job. Let one of them ease the burden for you.³
3. **Speaking of paying for it, there are several ways.** The biggest push-back I hear from clients about long term care insurance is that they might not need it and will have shelled out premium payments "for nothing." True. However, there are other ways to pay for care that are not "use-or-lose." A good option for some folks is to use a fixed annuity with a long term care rider. If you need long term care, the annuity company promises to pay a benefit over a selected time period, with the total benefit being, potentially, a multiple of the initial premium. If you never need long term care, the annuity has grown tax-deferred, you could surrender the annuity for cash or turn on a stream of income, and it has a death benefit to boot.³ Call me to find out more about how this option might work for you.

When your spouse or children get a bill every month for \$3,000, \$4,000, \$5,000 or more for your care when you're old, how are they going to pay it? With a 70% chance of it happening to you or your spouse and potentially blasting a big hole through your hard-won retirement nest egg, don't

you think it makes sense to put a plan in place now to protect your money so you can enjoy it, rather than waste it on long term care? Call me today, and we'll talk.

¹ <https://longtermcare.acl.gov/the-basics/how-much-care-will-you-need.html>

² Louisiana LTC costs: <http://www.genworth.com>

³ Benefits are based on the claims paying ability of the issuing company. Income guarantees depend on the claims paying ability of the issuing company. Annuities are long-term investment vehicles designed for retirement purposes. Gains from tax-deferred investments are taxable as ordinary income upon withdrawal. Guarantees are based on the claims paying ability of the issuing company. Withdrawals made prior to age 59 ½ are subject to a 10% IRS penalty tax and surrender charges may apply.

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