

# The Costs of Living Longer

By

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*As Americans live longer, they are spending more of their later years in need of custodial medical care. Is long-term care insurance the best choice to alleviate the costs?*

In general, Americans are living longer. While that's good news, it means more are going to live out a substantial part of their later years in need of a large measure of custodial medical care. The U.S. Department of Health and Human Services estimates that at least 70% of people over the age of 65 will require long-term care (LTC) in the future, including services like home visits by healthcare professionals, stays in a nursing home and 24-hour medical support.<sup>1</sup>

It makes sense to plan ahead for the possibility. LTC is expensive – the national average daily cost of a private room in a nursing home is \$273<sup>2</sup>. And that hit comes when you are likely least prepared for it. It doesn't take long to eat away savings and the kids' inheritance. You can protect yourself by buying long term insurance, but you'll have to determine how early in life you should start paying premiums.

## **Consider long term insurance while you're healthy**

Many people first consider buying coverage as they are approaching retirement, but doing so earlier in life has advantages. If you purchase early, you are more likely to qualify for preferred rates and your lifetime expenses will be fewer. If you wait too long, you risk being denied coverage.

Sometimes it makes more sense to invest the money you would otherwise spend on premiums and use those returns to pay future LTC costs. An added benefit to this strategy: If you don't need LTC, you're not out the money.

But consider: Those assets may not grow fast enough to cover your costs, and as we have seen throughout the last decade, it's possible to lose money in the markets. Also, many LTC policies have an inflation adjustment built into the policy. For some, however, carrying the costs of LTC themselves makes sense – for instance, if you have significant assets.

## **Weigh your options**

Before making your decision, consider the following:

- **LTC costs where you live.** Costs vary greatly, and those who live in high-cost regions may find insurance coverage appealing, though they will also typically face higher premiums.
- **Your family's health history.** A family background of long-term health issues may influence your decision to get insurance.
- **New LTC options.** Several new LTC insurance products, including hybrid life/LTC insurance plans, provide greater flexibility in long-range planning.

Whether you buy insurance or set aside assets to cover the costs, you need to talk to a trusted financial advisor about making LTC a part of your financial plan. That's the first step toward protecting your loved ones financially and emotionally.

### **Talk to your financial planner about:**

- The need for long-term care insurance and whether it makes sense for you
- Choosing the LTC insurance policy that best suits your individual needs
- How long you should wait before buying a policy

**For more information, please call us at 201-556-4618 or email us at [Dan.Prisciotta@LFG.com](mailto:Dan.Prisciotta@LFG.com).**

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