



## Ginsburg Financial Advisors, Inc.

Personal Financial Planning & Investment Management

Larry P. Ginsburg, CFP® Judy Hirotaka, CFP®

phone: (510) 339-3933

fax: (510) 339-1611

LGinsburg@GinsburgAdvisors.com

JHirotaka@GinsburgAdvisors.com

www.ginsburgadvisors.com

## Long Term Care Services: An important Part of Financial Planning Make Sure You Evaluate Possible Future Needs

### Why Should I Think About Long Term Care?

As one of our clients related to us years ago, then a mentally competent 97-year-old woman; “Larry; growing old is not for sissies! It is hard work!” Planning for the future additional care and services you may need, or that are provided by others, is an important part of the financial planning process. Long Term Care (LTC) services are one of the fastest growing sectors as the baby boomers increasingly make use of these resources.

Caring for an elderly parent or relative can not only be mentally stressful but also physically taxing. At some point the caregiver may need additional help or need to find full time care for their loved one.

According to a 2015 study by AARP and the National Alliance on Caregiving, about **43.5 million** people in the US had been an unpaid caregiver in the last 12 months. About two-thirds of caregivers are women and 14% who care for older adults are themselves age 65 or more.<sup>1</sup>

### Won't Medicare Pay for Long-Term Care When I Need It?

Many of us do not realize that Medicare does not pay for long-term or permanent stays in a nursing home or provide permanent in-home care. Medicare only pays for care if required at a “skilled nursing” (as opposed to “intermediate” or “custodial”) care level furnished at a skilled nursing facility. The maximum potential benefit is 100 days (coinsurance required from days 21-100) per benefit period. Medicare pays for the first 20 of care followed by co-pay for up to the next 80 days of needed skilled level of care. A benefit period ends when you have not been in a hospital or received skilled nursing in a skilled nursing facility for at least 60 days in a row.<sup>2</sup> Unfortunately, Medicare does **not** pay for non-skilled level assistance, intermediate or custodial care, or with Activities of Daily Living (ADLs) which make up the majority of long-term care services.<sup>3</sup> For decades, insurance companies have reported to me that more than 85% of LTC services are at the “intermediate” or “custodial” levels of care with “skilled care” accounting for less than 15% of skilled nursing facility usage.

Below are some average costs for care different services in the State of California.<sup>4</sup>  
Long Term Care services may cost less in other states.

*“Helping You Shape Your Financial Future Since 1981”*

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Larry P. Ginsburg, CFP® – California Insurance License #0698190

6201 Medau Place, Suite 101, Oakland, CA 94611

California - State

Monthly Cost	2020
<b>Home Health Care</b>	
Homemaker Services	\$5,529
Homemaker Health Aide	\$5,529
<i>Based on annual rate divided by 12 months (assumes 44 hours per week).</i>	
<b>Adult Day Health Care</b>	
Adult Day Health Care	\$1,733
<i>Based on annual rate divided by 12 months.</i>	
<b>Assisted Living Facility</b>	
Private, One Bedroom	\$5,000
<i>As reported, monthly rate, private, one bedroom.</i>	
<b>Nursing Home Care</b>	
Semi-Private Room	\$9,247
Private Room	\$11,437
<i>Based on annual rate divided by 12 months.</i>	

Below are descriptions for the types of care listed above:

- Homemaker Services offer assistance with such services as cooking, cleaning and running errands.
- Home Health Aide services offer assistance in day-to-day activities such as bathing, dressing, eating and taking medication.
- Adult Day Health Care offer participants to join in planned activities with caregivers looking after them. Some programs include personal care, transportation, medical management, and meals.
- Assisted Living Facilities offer personal care and health services in a residential facility. The level of care is not as extensive as a in a nursing home.
- Nursing Homes provide a higher level of care for those who need help with day-to-day activities. Services include personal care, help with medication, therapy and rehabilitation which are all provided on site 24 hours a day.

It is wise to plan ahead and discuss how you and your family will handle potential long term care needs should they become necessary in the future. It would be helpful for you to discuss your wishes as a potential care recipient or in your possible role as a caregiver.

It is also important to discuss the costs of long-term care. You may want to consider purchasing long-term care insurance to fully or partially cover future long term care costs and also consider self-funding a portion or all of future potential long-term care costs. Unfortunately, the cost of LTC services has increased at a faster pace than the rate of inflation for the past twenty years. So has the cost of LTC insurance due to increased longevity and use of LTC insurance policies. The miracle of modern medicine has resulted in fewer people dying suddenly. Most decline over time, requiring a higher usage of LTC services. Insurance companies, excellent at looking in the rear-view mirror, have typically underestimated their anticipated cost of policy benefits paid. This has resulted in more applications for increased premiums for LTC insurance.

What we know from helping clients with LTC insurance for more than thirty years is two things: The sooner LTC insurance is purchased, the easier it is to be approved for the insurance and the lower the cost of premiums will be over the years before benefits are needed. We recommend policies with “inflation protection” so the daily benefit rises each year, even before the benefits are necessary.

### **Can You Help Me Review My LTC Concerns? Get LTC Insurance?**

Yes! We are here to help you review your concerns and future potential needs. We have been helping clients obtain LTC insurance for more than thirty years. When a client or their family member has applied for benefits under a LTC insurance claim (every claim submitted by our office has been paid!), the comment we most hear is that the family is very pleased we helped them think far in advance to deal with this issue, so they are not “out of pocket” paying for LTC services. Please contact us to discuss your long-term care planning needs.

1. <https://acl.gov/ltc/basic-needs/who-will-provide-your-care>
2. <https://www.medicare.gov/Pubs/pdf/10153-Medicare-Skilled-Nursing-Facility-Care.pdf>
3. <https://acl.gov/ltc/costs-and-who-pays/who-pays-long-term-care>
4. <https://www.genworth.com/aging-and-you/finances/cost-of-care.html>

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*This information was compiled by Ginsburg Financial Advisors.*

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