



Retirement Estate Assets Protection Planning

Understanding Long-Term Care

The important question: Are you prepared?

Provided by Pat Baxter, Registered Financial Advisor

Addressing the potential threat of long-term care expenses may be one of the biggest financial challenges for individuals who are developing a retirement strategy.

The U.S. Department of Health and Human Services estimates that 69% of people over age 65 can expect to need extended care services at some point in their lives. So, understanding the various types of long-term care services – and what those services may cost – is critical as you consider your retirement approach.¹

What Is Long-Term Care? Long-term care is not a single activity. It refers to a variety of medical and non-medical services needed by those who have a chronic illness or disability that is most commonly associated with aging.

Long-term care can include everything from assistance with activities of daily living – help dressing, bathing, using the bathroom, or even driving to the store – to more intensive therapeutic and medical care requiring the services of skilled medical personnel.

Long-term care may be provided at home, at a community center, in an assisted living facility, or in a skilled nursing home. And long-term care is not exclusively for the elderly; it is possible to need long-term care at any age.

How Much Does Long-Term Care Cost? Long-term care costs vary state by state and region by region. The national average for care in a skilled care facility (semi-private in a nursing home) is \$85,775 a year. The national average for care in an assisted living center is \$45,000 a year. Home health aides cost a median \$18,200 per year, but that rate may increase when a licensed nurse is required.

Individuals who would rather not burden their family and friends have two main options for covering the cost of long-term care: they can choose to self-insure or they can purchase long-term care insurance.

Many self-insure by default – simply because they haven't made other arrangements. Those who self-insure may depend on personal savings and investments to fund any long-term care

needs. The other approach is to consider purchasing long-term care insurance, which can cover all levels of care, from skilled care to custodial care to in-home assistance.

When it comes to addressing your long-term care needs, many look to select a strategy that may help them protect assets, preserve dignity, and maintain independence. If those concepts are important to you, consider your approach for long-term care.

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Citations.

1 - fool.com/retirement/2018/09/02/5-long-term-care-stats-that-will-blow-you-away.aspx [9/2/18]