



Long-Term Care Planning: It's More Than Just Health Insurance & Medicare

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Big Idea:

Long-term care (LTC) events not only dramatically impact your **family, but also your finances**. Since these events are not usually covered by health insurance or Medicare, it is imperative to plan for them to maintain your quality of life through retirement.

What Is Long-Term Care (LTC)?

Providing care either informally or formally when a person is unable to perform activities of daily living (ADLs) **or** has a severe cognitive impairment



DRESSING



EATING



BATHING



TRANSFERRING



TOILETING



CONTINENCE

Inability to perform 2 is a qualification

What Are The Levels of LTC?



Home Health Care



Assisted Living



Skilled Nursing

Most LTC does not require skilled care and it is usually not a disease

Why Should I Plan for LTC?

Some questions to consider:

- Is it safe to assume that the longer you live the more likely you are to need some help?
- Who will provide care and where would you like to receive it if you need help for an extended period of time?
- Have you considered the cost and what your options are in covering that cost?

How Is My Family Impacted?

Your family will hopefully provide LTC because they love you, but...

What impact will providing care for you have on their emotional **and** physical wellbeing?

- Caring for people who are chronically ill can make the caregivers chronically ill
- LTC can have a dramatic effect on...
 - » Your relationship with your spouse or partner
 - » Your children's relationships

How Are My Finances Impacted?

When nothing is allocated to pay for care...

- You are forced to use your income or savings to pay for it
- You might compromise your lifestyle
- Your family may need to provide care or pay a professional to provide care

How Much Does Long-Term Care Cost?

Home Health Care

- About \$5,000 per month*

Skilled Nursing

- About \$9,000 per month*

You could spend over \$100K/year & these figures are **national averages!**

*Source: Genworth 2021 Cost of Care Study

Why Should I Plan For These Costs?

Making a LTC Plan allows you to...

- Receive care at home without risking your family's wellbeing
- Preserve your assets for retirement
- Maintain your relationship with your spouse as a spouse
 - » Oversees rather than provides care
- Maintain a healthy boundary with your adult children
 - » Keeps them close by keeping them apart

What About Medicare & Medicaid?

Medicare

- Must 1st be “admitted” to hospital
- Only pays full cost for 1st 20 days and some costs for 1st 100 days*
- Condition must be expected to improve & need to receive skilled nursing care

Medicaid

- Means based
 - » **Generally** \$2,523/month income & \$2,000 total asset limit+
 - » **Usually** 5-Year lookback on transfers+

*Source: Medicare.gov

+Source: American Council on Aging

How Does LTC Insurance Work?

Different than health insurance

- No copays or in-network providers
- Provides a limited lifetime benefit
 - A daily or monthly amount of money that is capped
- Has an elimination period
 - Acts like a deductible

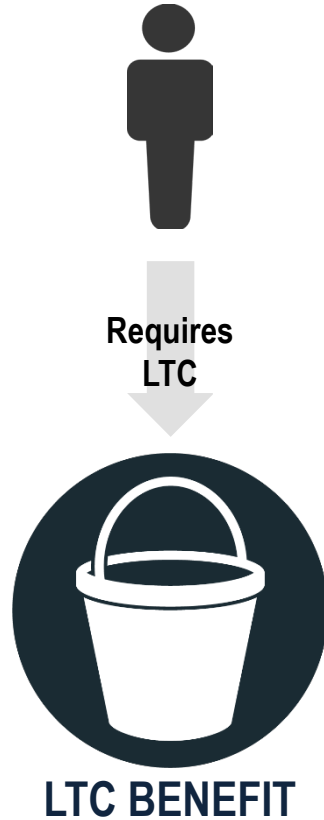
How Can I Pay For LTC Expenses?

<Low-----Cost Efficiency -----High>

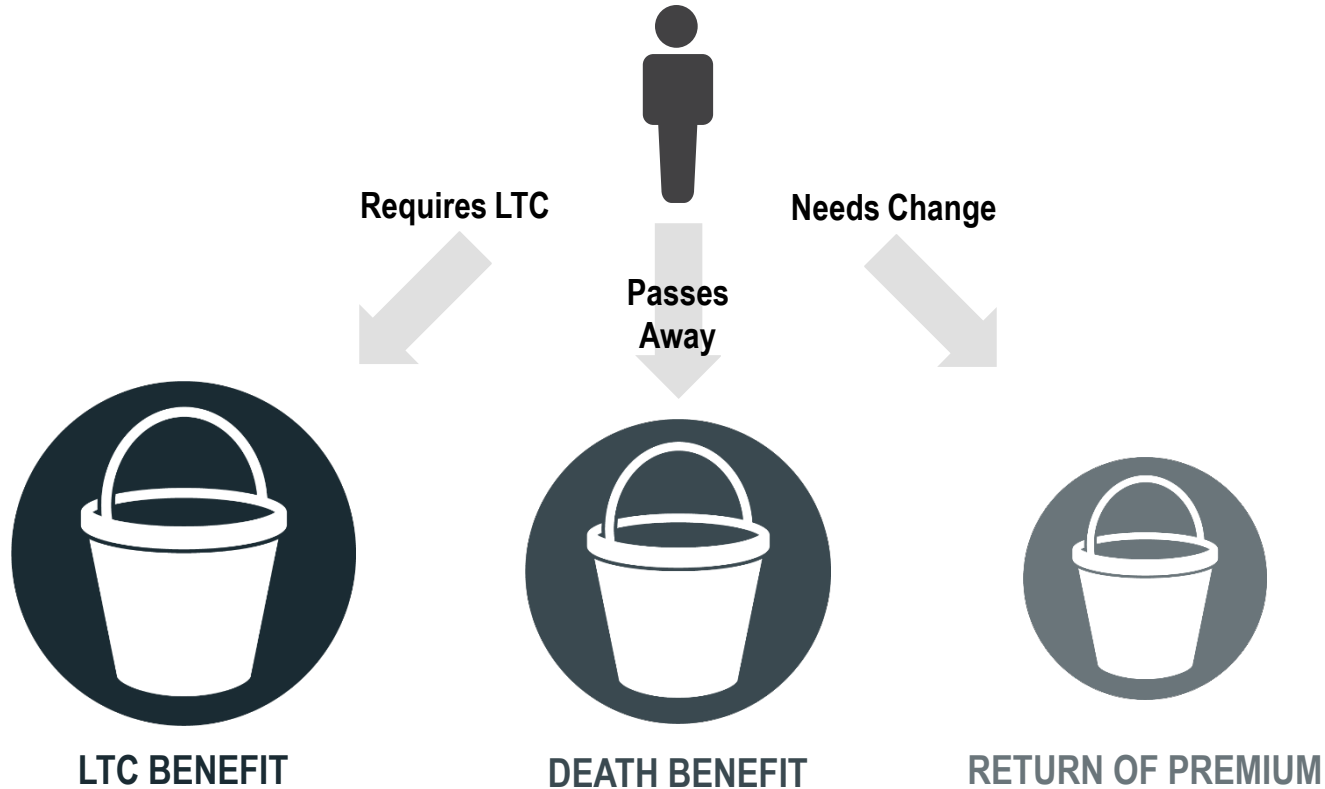


|<-----Hybrid Solutions ----->|

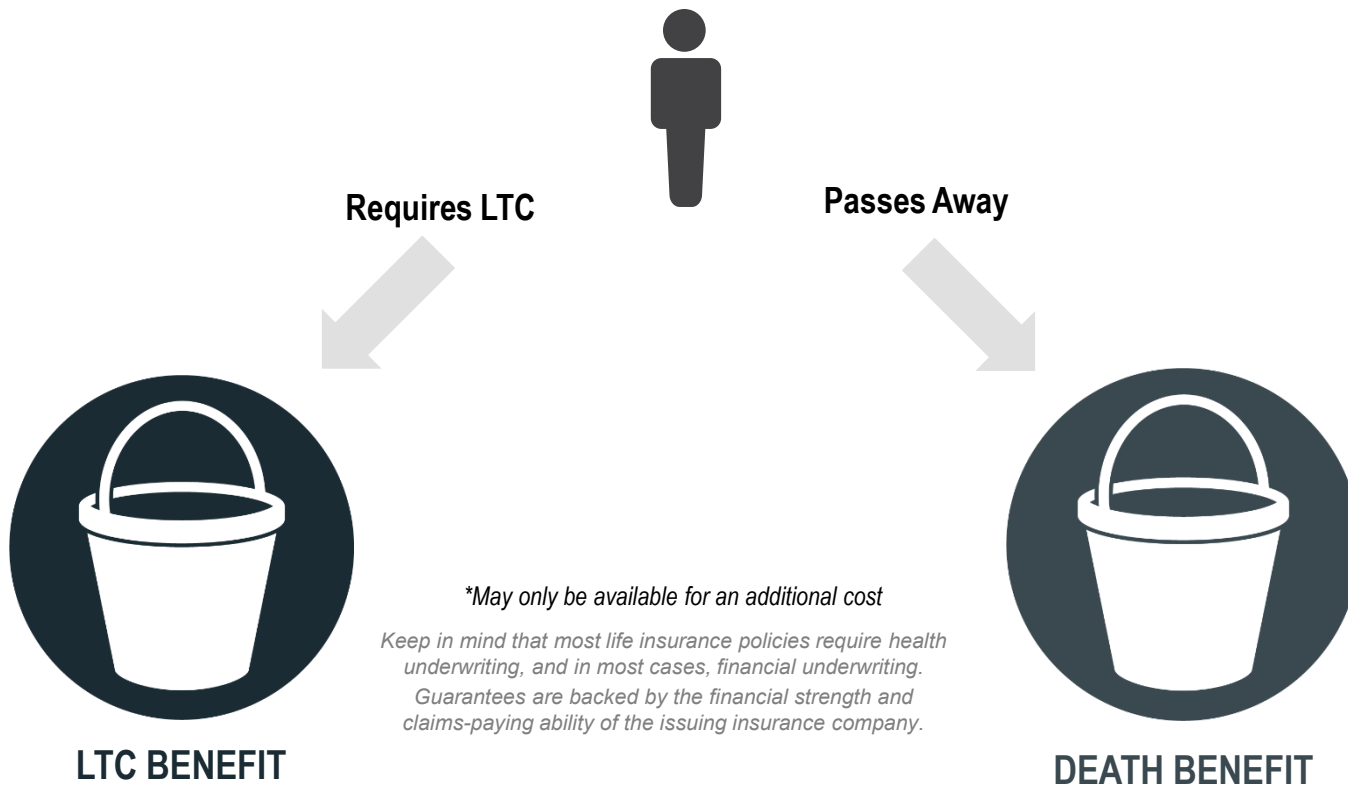
How Traditional Long-Term Care Works



How Linked Benefit Products (Acceleration+) Work



How Life Insurance With An Optional LTCi Rider* Works



What Should I Look For In LTC Insurance?

- How frequently you pay the premium(s)?
 - » Single lump-sum premium, limited pay, or lifetime pay
- How important are guaranteed premiums?
- How the policy pays benefits?
 - » Reimbursement vs. Cash
- Is there a “Money Back Guarantee” if you don’t use the benefit?
 - » Return of Premium or Life Insurance
- How important is tax deductibility?
- Who will provide care and what about CCRCs?

Why Not Just Self-Fund My LTC Expenses?

There is nothing wrong with self-funding, but you must consider...

- Early withdrawal penalties
- Taxes
- Market Timing

You will pay retail price for LTC without coverage

Questions?