



WHAT YOU SHOULD KNOW ABOUT LONG-TERM CARE

When people consider the subject of long-term care, they often think about nursing homes. In fact, long-term care has very little to do with nursing homes. Understanding how to protect your family and finances will enable you to make informed decisions.

WHAT IS LONG-TERM CARE?

Long-term care is a continuum of care you will need when you live a long life. Think you won't live a long life? Think back 25 years ago. If someone had a stroke or cancer, he or she simply died. Alzheimer's was seldom mentioned or understood. Today, it is the leading cause of long-term care services. With the progress made in treating and curing disease, people are living longer. The longer you live, the more likely you are to

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need care. Your family will most often take care of you, but consider the financial and family impact of providing that care.

Long-term care is defined as needing assistance with your activities of daily living (toileting, bathing, dressing, eating, continence, and transferring from one point to another). It also includes cognitive impairment so severe that the individual needs continual supervision.

Long-term care is provided informally and formally with the continuum of care delivered in a home care environment, adult day care, assisted living facility, or institutional care (nursing home). Custodial care is assistance with those activities of daily living and does not typically require a medically trained professional. Custodial care is usually not covered by health insurance plans. Most long-term care services are custodial. If you need custodial care, chances are it will be delivered in your community, not in a nursing home.

WHO COVERS THE COST?

According to the MetLife Mature Market Institute, staffed by gerontologists who provide research, training, and education, the average annual nursing home cost is \$61,685.¹

Medicare², the primary health care program for retirees, pays only for skilled or rehabilitative care subsequent to a hospital stay. Medicare does not pay custodial care in any venue. Medicaid³, a federal and state program for financially needy individuals, will pay for custodial care, but primarily in nursing homes. Funding for home care and assisted living is very limited, based on availability of funds and does allow the government to recover their cost of care from your estate.

Veterans believe that the Veteran's Administration⁴ will pay for home care, adult day care or assisted living. As with Medicaid, funding is limited and generally based on service related disability. In fact, the federal government has encouraged veterans to purchase long-term care insurance through the new Federal Long-Term Care Insurance program.





Unfortunately, the best thought out retirement plan rarely considers living a long life. In other words, those assets and income have been allocated to pay for retirement, not for the consequences of living a long life. This results in the need to invade principal and divert income if a long-term care need arises. The greatest fear of outliving assets literally may come true.

“Long-term care planning is loaded with misinformation, controversy, and emotional baggage like no other topic a planner will ever bring up,” Marilee Driscoll, author of *The Complete Idiot’s Guide to Long-Term Care Planning*. “Yet, as much as nobody wants to discuss it, no retirement plan or estate plan can be complete without addressing the issue of long-term care funding.”

WHO WILL PROVIDE CARE?

Families play a key role in providing long-term care services. Long-Term Care insurance (LTCi) doesn’t replace the need for family involvement in providing care, but rather builds on it. It pays professionals to assist the person with the toughest tasks such as toileting, bathing, feeding, and continence. This, in turn, allows the family to provide care better and longer at home.

That leads to a critical question: *What are your plans for the consequences of living a long life?*

Sources:

1. www.MatureMarketInstitute.com
2. <http://www.medicare.gov/LongTermCare/Static/Home.asp>
3. <http://www.cms.hhs.gov/medicaid/default.asp>
4. <http://www.va.gov/>

THE ROLE OF LONG-TERM CARE INSURANCE

A retirement plan provides you with the income and assets to pay for post-retirement commitments – what you have determined to be important. Most retirees cannot acquire principal again.

Long-term care planning is becoming more integrated with financial planning. LTCi allows a retirement plan to stay in tact. LTCi not only allows protection from spending down retirement savings, it also protects income. Even if you qualify for Medicaid to pay for nursing home costs by transferring assets, your income (pension, social security, IRA, or 401k payout) cannot be protected.

The use of LTCi becomes an important part of planning for disability as a result of living a long life. LTCi provides the protection to keep families together and allows retirement portfolios to execute the purpose for which they were intended, namely retirement.

When considering a Long-Term Care insurance advisor, consider his or her training, educational credentials, and commitment to help solve your long-term care needs. The key is whether they talk first about a plan or a product. If they are interested in the plan and what is most suitable for you, you are dealing with a professional. If the primary focus is on product and price, consider getting another opinion.

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