



Long-Term Care: Facing the Future

No one likes the idea nor the possibility of needing long-term care (LTC).

But the truth of the matter is 70% of those age 65 and older will need some form of LTC.¹ As life expectancy continues to rise as a result of medical and technological advances, more and more Americans should prepare for their older years. LTC is not just a concern of the elderly and the present, but also a pressing topic to consider in your earlier years as you look into the future of your health and financial well-being.

Nearly 41% of LTC recipients are those under the age of 65 due to illnesses, injuries, disabilities, or accidents.²

If you're not saving or thinking about LTC, you should be. Many Americans understand the importance of building a retirement nest egg, but they're not putting a lot of thought into LTC ahead of time. The simplest way to ease your mind is to come to realization that LTC may be on the horizon. Consider investing in an LTC insurance policy because avoiding this topic can financially ruin what you've worked so hard to preserve all those years.



What Classifies as Long-Term Care? And What are the Costs?

As you age, you may find yourself in a situation where you are unable to manage basic everyday activities causing you depend on LTC. These items are defined as *activities of daily living* which includes assistance with eating and dressing, health monitoring, residency in an assisted living facility or nursing home, and other types of community programs and care.

At first glance, the costs of LTC is big pill to swallow with the cost of health care in a nursing home averaging around \$100,000 a year and rising annually (more illuminating numbers below).³ Medicare and regular health insurance do not cover a majority of these needs, and Medicaid is available only to those with very limited resources.⁴ Therefore, it is important to consider an LTC insurance policy to help you protect assets and retain more control of your health care decisions.

Average Cost of Long Term Care 2021	
Long-Term Care Service	Average Annual Rate
Nursing Home Care (Private Room)	\$109,026
Nursing Home Care (Semi-private Room)	\$95,867
Assisted Living Facility	\$53,148
Adult Day Health Care	\$19,817
Homemaker Services	\$55,381
Homemaker Health Aide	\$56,559

What are the Costs of LTC Insurance?

LTC insurance is completely customizable and flexible. It varies based on the dollar amount you select when you purchase your policy and the type of care you end up receiving. More importantly, prices vary from one insurance company to another; therefore, receiving advice and guidance from your financial professional is strongly recommended.

Here are the main factors that influences the cost and quality of LTC insurance policies:⁵

- Age and Health: The single most important factor simply because the younger and healthier a person is, the lower the premiums.
- Gender: Women generally outlive men; therefore, their premiums tend to be higher.
- Marital Status: Premiums are lower for married couples than those who are single.
- Daily Benefit: The higher the daily benefit, the less you need to pay out-of-pocket for care, but your premium will be higher.
- Benefit Period: How many years you wish your policy to provide benefits to you.
- Waiting Period (Elimination Period): The number of days you can afford to wait prior to receiving benefits once you need care. The shorter the waiting period, the more expensive your premium will be.
- Inflation Protection: Helps protect you from the rising cost of care over time.

Who Exactly is at Risk for Long-Term Care?

The idea of needing help to take care of ourselves is a risk we all face. Here are several aspects that contribute to the level of risk:

- Age: The body changes with aging and brings an increase number of health risks.
- Gender: Women are at higher risk than men, primarily because they often live longer.
- Lifestyle and Habits: Poor diet and exercise habits can increase risk.
- Health and Family History: Injuries, disabilities or any chronic conditions increases risk.
- Living Arrangements: Living alone without a partner or with individuals who can support you also affect risk.

Future Present.

LTC can be a sensitive topic. No one wants to think about themselves or their loved ones being incapable of managing basic everyday tasks on their own. But don't let it be a topic for when it actually happens – come to bear in mind the possibilities of the future before it's too late. Help relieve yourself and your loved ones the potential burden and financial stress by having an LTC insurance policy in place. As your dedicated team, we're here to help you tailor your financial security plan to better prepare you for those years ahead.



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[1] [2] <http://www.altcp.org/long-term-care/long-term-care-statistics/>

[3] <https://www.genworth.com/aging-and-you/finances/cost-of-care.html>

[4] <https://www.aarp.org/health/health-insurance/info-06-2012/understanding-long-term-care-insurance.html>

[5] <http://www.altcp.org/long-term-care-insurance/long-term-care-insurance-cost/>