

The Numbers Behind Long-Term Care

The costs of long-term care (LTC) can be more than financial. Stress on family caregivers, the uncertainty of receiving your preferred care setting, the frustration of wading through Medicare and/or Medicaid requirements—all of these can be alleviated through proper longevity planning.

Will you need it?



7 out of 10 Americans will need some type of LTC during their lifetimes.¹

Average length LTC¹: 3 years

Women: 3.7 years

Men: 2.2 years

Who will care for you?

34.2 million Americans provided unpaid care for an adult 50+ in the past year.²

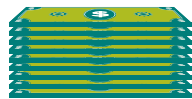


60% of family caregivers still hold a full- or part-time job.³



62% of caregivers say caring for a parent has negatively impacted their own financial futures.⁴

Can you afford it?



\$285,000: Average out-of-pocket medical costs for 65-year-old retired couple, *excluding LTC*.⁵



\$152,000: Average retirement savings of a baby boomer.⁶

Medicare only covers skilled nursing care⁷:

- 0-20 days: full coverage
- 21-100 days: you pay co-insurance each day
- 101+ days: no coverage

Annual costs⁸:

- Private room: \$105,852
- Semi-private room: \$93,072
- Assisted living: \$51,600
- Adult day health care: \$19,236
- Home health aide: \$54,912
- Homemaker services: \$53,772

¹ U.S. Department of Health and Human Services.

² Morningstar, "75 Must-Know Statistics About Long-Term Care: 2018 Edition," August 2018.

³ AARP Public Policy Institute, Long-Term Services and Supports, August 2019.

⁴ AgingCare.com, "Family Caregivers Beat the Burden of High Elder Care Costs," June 2019.

⁵ Fidelity, "How to plan for rising healthcare costs", April 2019.

⁶ Transamerica Center for Retirement Studies, "19th Annual Retirement Survey of Workers," December 2019.

⁷ Medicare.gov, accessed May 2020.

⁸ Genworth, <https://www.genworth.com/aging-and-you/finances/cost-of-care.html>, 2020.



Financing Options for LTC/Longevity Planning

QUESTION

If you had a need for long-term care (LTC) tomorrow, how would you pay for it?
Which asset are you going to liquidate first, and second, and so on?

GOAL

Finance a potential LTC need in the most cost-efficient manner.
Facts and circumstances are different for each individual.

OPTIONS

- Self-Fund
- Traditional LTC Policies
- Linked Benefit
- Life with Rider (LTC/CI)

*Risk management: you retain part of the risk and transfer part of the risk.
Who's going to manage your care?*

CONSIDERATIONS

- Tax advantages
- Plan design - "pool of money"
- Supplemental concept
- Medically underwritten
- Reimbursement vs. Indemnity

ADVANTAGE/DISADVANTAGE

Traditional:

- Plan design flexibility
- Partnership eligibility
- Tax deductibility

Linked Benefit:

- "Limited" premium payment flexibility
- Guaranteed benefits
- Guaranteed return of premium+
- Death benefit if no, or limited, LTC needed
- Tax deductibility

Life with Rider (LTC/CI):

- Premium payment flexibility
- Guaranteed benefits possible
- Death benefit can be used for your own health care needs

Does leveraging your dollars make sense?

All guarantees subject to the claims paying ability of the issuing insurance company. All optional benefits such as riders and bonuses are available for an additional cost. The guarantees associated with optional benefits are backed/subject to the claims-paying ability of the issuing insurance company. It is important to weigh the costs against the benefits when adding such options to an insurance contract.

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