



# Building a Long Term Care Strategy



# Address the need for long term care in your retirement strategy

Your life today is all about options – from how and where you work, to the type of car you drive, right down to the flavor of coffee you drink in the morning. So it's only natural that you want a range of choices when it comes to planning for the future.

After all, you've planned carefully to enjoy a comfortable, made-to-order retirement. You've planned to travel where and when you want. You've planned for your ideal retirement home, right down to the wireless Internet connection and automated controls. You've even planned to leave something for the next generation.

Building a retirement strategy is about living the way you want to live. Including long term care as part of that strategy can help protect your assets, help you maintain your financial freedom, and provide you with options in choosing quality long term care services.

At least 70% of people over 65 will need long term care services and support at some point.<sup>1</sup>

There are many inaccurate assumptions about the costs of long term care and how those costs are met. If you need to pay for long term care, the costs can quickly add up. The Genworth 2014 Cost of Care Survey<sup>2</sup> found the national median for a year of nursing home care to be \$87,600 for a private room. And the national median cost for in-home care from a licensed home health aide is now \$20 per hour.<sup>2</sup> With those kinds of expenses, it's easy to imagine a sizeable portion of savings could be needed for long term care needs.

## Two key questions to ask yourself

While there can be several components to creating a retirement strategy, there are two key questions that you need to ask yourself for long term care planning:

### 1. "What is my written plan?"

You plan to live a long and productive life, but at some point you may need long term care. What is your plan for this, including where you would like to receive care and who you would like to care for you? Is your preference care at home? Will family members be close by? If not, who will care for you?

### 2. "How will I pay for this care?"

Most likely from your retirement savings, right? However, this was established to fund a retirement lifestyle, not a long term care situation. Consider the impact needing long term care would have and review your options.

## What are your options?

A long term care planning discussion with your family and financial professional is a key part of any retirement strategy session. Why? Because long term care can impact your family as well as your retirement savings or business productivity, and paying for that care can be a challenge.

From insurance and public programs, private family support, self funding or even a combination of these, there are many options to consider as part of your retirement strategy.

## Long Term Care Insurance

Long term care insurance covers a variety of service models. It is designed to help reimburse the cost of skilled or custodial long term care, whether that be at home or in a facility.

Long term care insurance provides a pool of money to help you pay for care when you're unable to perform everyday tasks such as getting in and out of bed on your own, eating or dressing, or to pay for supervision for someone with a cognitive impairment.

Although long term care insurance can be expensive, plan design and product feature flexibility enable this coverage to be available to meet most budgets. A financial professional can help guide you through selecting a solution that best meets your needs.

## Individual Long Term Care Insurance

Individual long term care insurance can be customized to reflect the plan design features that suit you. It is a personalized solution that can be both benefit and feature rich.

## Linked Benefits (Life and Long Term Care)

A linked benefit policy allows you to leverage your premium payment so that it covers both life insurance and long term care coverage. This policy provides a pool of money for covered long term care expenses and a death benefit to help protect beneficiaries.

## From Your Employer

Your employer may offer long term care insurance as part of your employee benefits offering. Your long term care coverage is portable – if you leave your employer for any reason, you may keep this valuable insurance by paying your premiums directly.

<sup>1</sup> 2014 Medicare & You, National Medicare Handbook, Centers for Medicare and Medicaid Services, September 2013.

<sup>2</sup> Genworth 2014 Cost of Care Survey, Conducted by CareScout®, April 2014.

## Public Programs

Many people think the government will pay for long term care expenses. Medicare generally covers skilled nursing home care after a hospital stay of at least three days and its coverage for other long term care services is very limited.

Medicaid does contribute towards long term care but requires recipients to use their income to pay for care and most of their assets to qualify. The savings you've worked hard to build up may have to be spent down.

## Private/Family Support

People may look to family members or friends to provide care, but they may be afraid of being a burden on their family. When making this decision, there are some important considerations, from where these individuals live, to whether they have the time and ability to provide care. In addition, the physical, financial and emotional effects of providing care are also important factors to keep in mind.

## Self-Funding

Another idea is for you to assume the primary financial risk for the cost of long term care by allocating a portion of your savings for this need. In considering self-funding, think about potentially needing care in your older years. This strategy includes a review of the cost of care in your area, which should consider inflation and living expenses for you and your family. This can be the information baseline for the savings you will need to set aside for long term care.

## Have a long term care discussion today

Living a long life is a probability and planning for it is a necessity. For more information, visit [www.longtermcare.gov](http://www.longtermcare.gov).

### Insurance and annuity products:

- Are not deposits.
- Are not insured by the FDIC or any other federal government agency.
- May decrease in value.
- Are not guaranteed by a bank or its affiliates.