

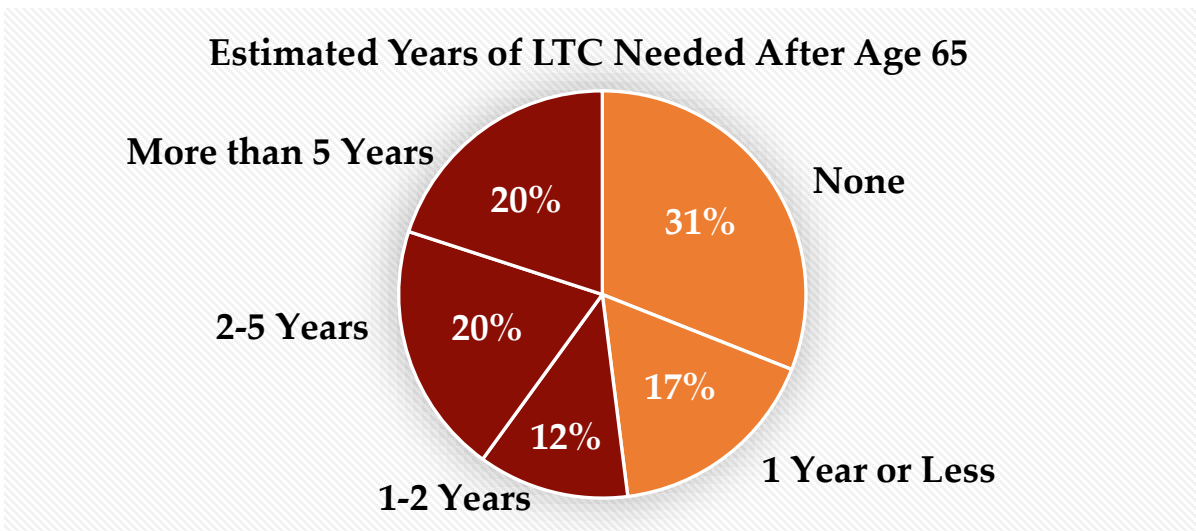
Long-Term Care Planning – Taking the First Step

Understanding Long-Term Care

As we live longer, healthier and more actively, life can be temporarily or permanently affected by injury, stroke, illness, mere aging, or one of many chronic conditions. When such events occur, help may be needed with basic “activities of daily living” such as: *Bathing, Dressing, Transferring, Eating, Continence and Toileting*. Long-term care is the supervision or assistance needed when you are no longer able to perform these “activities of daily living” on your own. Historically, long-term care has been linked to nursing home care. However, most long-term care today is received in the home provided by family, friends, or home health services.

Can It Happen to You?

Most of us know someone who’s been impacted by the need for care due to aging, medical circumstances, injury, Dementia or Alzheimer’s Disease. As you continue to live, couldn’t you expect to need some help someday? Figures show that 70% of people over age 65 will require care at some point in their lives¹, with women at greater risk since they generally outlive men.



Who Would You Turn to For Care?

Those faced with needing long-term care, typically expect their family and friends to assist them. It is crucial to anticipate the likelihood of needing care someday and considering how your family’s way of life could be impacted emotionally and financially. Having a family member as a caregiver has several unexpected and potentially negative consequences.

Impact on Family & Friends as Caregivers

It's easy to imagine the problems facing someone needing care, but less obvious is the effect on those providing the care. For those faced with a long-term care challenge, it becomes quickly evident that long-term care is a family issue. Even when professional services or facilities are used, there are a variety of consequences to the lifestyle of your family and friends. Will family or friends become your caregiver? Will they manage your caregiving? What choices would you like them to have?

Geography

Relying exclusively on family to provide care can be a great challenge. Home care may be provided by a spouse or other partner, while children often serve as a back-up. Children are often spread out geographically, without the ability to commute, travel across country or relocate when their help is needed. The challenge of location can create emotional and financial animosity between siblings.

Health

Although there are rewarding aspects providing care to a loved one, caregivers are unfortunately prone to experience depression, increased stress levels, relationship conflict with their spouse or siblings, and feelings of inadequacy. The physical labor of caregiving also increases their risk of an accident.

Career and Work Life

A caregiver's career may be negatively impacted by needing increased time off, being late or absent, missing opportunities for advancement, or losing a job entirely. Vacation time is also potentially sacrificed, and sick time is often used for caregiving, instead of on their own health needs.

Financial Resources & Retirement Funds

In 2019, family caregivers spent an average of \$7,400 on caregiving expenses, with costs even higher – averaging \$12,000 - \$12,700 – for long-distance caregivers (defined as those living more than an hour away)². Not only can a caregivers' quality of living be reduced, but contributions to their own savings and retirement funds may also be affected. Family members can quickly find their own financial security at risk.

Long-Term Care Costs

If family or friends are not the best options for care, then alternative care providers should be considered. Costs will vary, depending on the location, type, and level of service needed. The numbers reveal a stark reality – care is expensive, and costs have increased between 3%-5% annually. Women are at greater risk, averaging 3.7 years of care needed; while men average 2.2 years³.

2023 National Annual Average Cost for Care⁴

Assisted Living Facility	\$ 59,101
Home Health Care (40 hours/week)	\$ 54,403
Informal Care (40 hours/week)	\$ 68,022
Nursing Home Care	\$109,683

1. Alliance for Aging Research. The Growing Older Population, 3/2018

2. Family Caregiving and Out-of-Pocket Costs: 2016 AARP Report / Surprising Out-of-Pocket Costs for Caregivers, AARP October 2019

3. LongTermCare.acl.gov, How Much Care Will You Need?, 2019

4. Nationwide Cost of Care Interactive Map 2023 <https://nationwidefinancialtmap.hvsfinancial.com>

Paying for Long-Term Care – Select which boxes most apply to you.

	Family Support	Self-Fund	Public Plans	Risk Transfer
RETIREMENT INCOME & ASSETS	<input type="checkbox"/> My family will be willing and able to pay for care as needed	<input type="checkbox"/> I have enough assets and income to cover expenses	<input type="checkbox"/> I'm willing to spend down my assets to qualify for care	<input type="checkbox"/> I want to shield my finances from the costs of care
LEVEL OF CARE	<input type="checkbox"/> My family will be willing and able to provide the type of care I need and want	<input type="checkbox"/> If I ever need care, I will pay for the type of care options I can afford when the time comes	<input type="checkbox"/> I don't mind limited care	<input type="checkbox"/> I don't know what type of care I'll need, and want multiple options and flexibility
RISK	<input type="checkbox"/> I accept the risks of future care and know that my family will provide for my needs	<input type="checkbox"/> I accept the risks to my personal financial assets, income, and legacy intentions of being spent on care	<input type="checkbox"/> I'm not eligible for government benefits or I can't afford insurance	<input type="checkbox"/> I choose to preserve my assets and legacy by committing to a plan to fund insurance from current income and assets
BENEFITS	<ul style="list-style-type: none"> - Family v. strangers provide care as needed - Lower costs if family provides care 	<ul style="list-style-type: none"> - Care is paid for only as needed - Choices based on what you can afford 	<ul style="list-style-type: none"> - Limited level of care may be provided with qualifications - State and local coverage differences 	<ul style="list-style-type: none"> - Choices available - Multiplier of insurance - Tax-Free income potential - Insurance options for individual needs
REFLECTION	Use if family is local, able to assist financially, and willing to accept caregiving impacts	Use if financial assets and income are projected to sustain expensive potential costs	Use if limited care options and required asset spend down are acceptable	Use if willing to prepay for care at discounted costs and consider risks of rate increases

Don't Delay

Have the conversation. Discuss the topic of long-term care with your family, and what your plan would be. There is always a possibility you will never need care, but isn't it rational to expect you could? A decision to self-fund costs of care may initially seem a reasonable, but not the wisest, choice. You can wait to obtain insurance, but both money and good health are needed. It's rare that waiting to establish a plan will provide better value later.

Key Questions™

1. Do you expect to live a long life? Longer than your parents and grandparents?
2. Could you ever become frail and need assistance one day?
3. Have you considered what could cause you to need extended health care?
4. If you were to need care someday, where would you want to receive it?
5. Who would you like to manage your care? Do you expect them to be your caregiver?
6. Have you considered the consequences to your family or friends lifestyles by caring for you?
 - a. Who would decide your caregiver(s)?
 - b. What lifestyle logistics could be impacted?
 - i. Are certain children, and not others, willing to relocate?
 - ii. Is a primary residence or vacation property structurally set up for the level of care you might need?
 - c. What emotional toll would caregiving put on your spouse, children or friends?
 - d. What impact would providing care take on your caregivers savings and investments?
 - e. How would the work and careers of your caregivers be affected by taking time off?
 - f. Could the health of your caregivers be affected by stress and physical exertion?
7. How would you pay the expenses for your care?
8. Would you consider using insurance to pay for long-term care expenses?
9. If you chose insurance, how would you pay your premiums?
 - a. Out of interest, income or other assets?
 - b. For how long would you be willing to pay premiums?
10. Do you consider your health to be?
 - a. Excellent
 - b. Good
 - c. Fair
 - d. Poor/Medical concerns
11. Would you like us to prescreen your health to determine your eligibility for insurance options?
12. What questions do you have?
