

# Planning for Your Long-term Care Needs

Helping Make Sense of It All

Edward R. Doughty, CFP®

**EPIC CAPITAL**  
WEALTH MANAGEMENT



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# What Is Long-term Care?

The care you need when you are no longer able to care for yourself independently

When you need help with your activities of daily living:

- Bathing
- Toileting
- Contenance
- Dressing
- Transferring
- Eating

When you need substantial supervision for a cognitive impairment, such as Alzheimer's disease

# Where Can I Get Long-term Care Services?

Your home

Assisted living facility

- A facility for people who can live somewhat independently, but need assistance with basic activities of daily living

Adult day care facility

Hospice care

- Care provided for a terminally ill patient; can be provided in the home or at a facility

Nursing Home

What are the chances?

That **YOU** could need long-term care services?



# Could it Happen to You?

## What's the Risk?

- **In the year 2020**, some 12 million older Americans are expected to need some form of long term care.<sup>1</sup>
- 7 in 10 patients are **age 65** and older, and 65% of those are **women**.<sup>2</sup>
- Because women generally outlive men by several years, they face a **50%** greater likelihood than men of entering a nursing home after age 65.<sup>3</sup>
- The average length of stay in a nursing home for current residents is **2.4 years**.<sup>4</sup>
- With medical advances and people living longer, these numbers will only continue to grow!

<sup>1</sup> AHIP "Guide to Long Term Care" 2004

<sup>2,3</sup> National Center for Health Statistics 2004

<sup>4</sup> Metlife 2004 Market Survey of Nursing Home and Home Care Costs

# What Plans Have You Made for Long-term Care?

## What is the Cost?

- The average cost of nursing home care is more than \$71,000 per year. With cost increasing at about 5% a year, the cost of a semi-private room in 2030 is estimated to reach \$190,000 a year.<sup>1</sup>
- The national annual average cost for home health care is over \$43,000 or more than \$19 per hour.<sup>2</sup>

\*Costs may vary by geography and the type of care received.

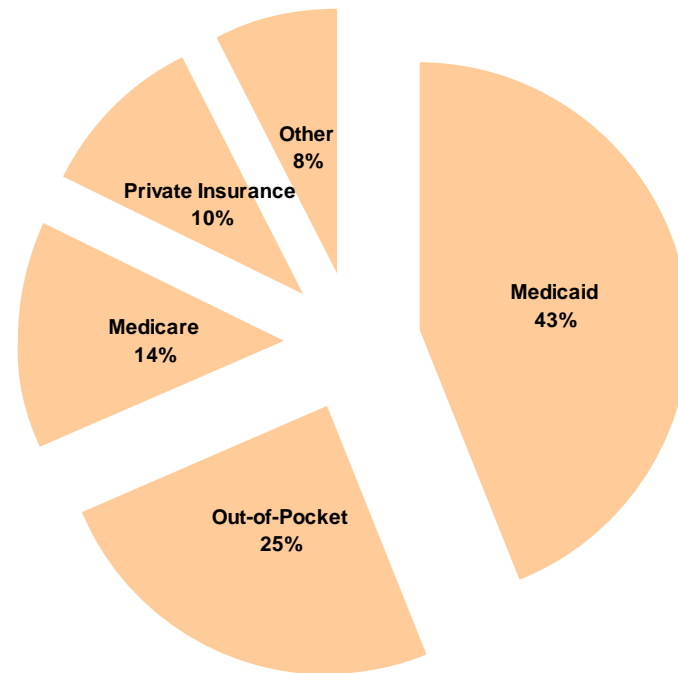
1 John Hancock 2005 Cost of Care Survey, conducted by Harris, Rothenberg International, LLC, 2005.

2 Genworth Cost of Care Survey, 2008

# Who Pays the LTC Bill?

50% of all couples and 70% of single persons are impoverished **within one year of entering a nursing home.**

-Leimberg's "Thinking About It" Stephan R. Leimberg, JD, CLU (November 1992)



Department of Health and Human Services, HCFA, Office of the Actuary, National Health Statistics Group, Personal Health Care Expenditures, 2001



# How Would You Pay for Long-term Care?

## **Private/company health insurance**

- Skilled acute care only
- Not designed to pay for long-term custodial care

## **Family**

- Approximately 80% of long term care is provided in the home by unpaid family members and friends.\*
- Families and friends who provide this unpaid care often do so at the expense of their own health and financial well being.\*
- U.S. business productivity losses related to family caregiving have been estimated as high as \$33.6 billion per year.\*
- Can your family afford to care for you?
- Would you want them to?

\* AARP 2009

# How Would You Pay for Long-term Care?

## **Medicare is expected to become insolvent by 2019.**

- Report from Board of Trustees for Medicare and Social Security 3/2008

### **Skilled Nursing Facility**

- Must receive skilled care; pays 0% for custodial care (personal care) in a skilled nursing facility if that is the only kind of care you require.
- Three-day prior hospital stay is required
- Enter facility within 30 days of hospital stay
- Full costs covered for first 20 days
- Minimal costs covered for days 21-99
- No coverage after 100 days in that benefit period
- Must be a Medicare-approved facility

### **Home Health Care**

- Part-time skilled nursing care
- Must need doctor-approved skilled care
- Medicare-certified home health agency
- Must be homebound

# How Would You Pay for Long-term Care?

## Medigap

Medicare-approved expenses only

## Medicaid

- Pays for health care for the poor
- Must “spend down” assets to state-required level
  - Eligibility requirements vary by state
- Look-back period may make you ineligible for benefits if you transfer assets
  - In general, income, assets, and expenses are reviewed for the past 36 months and all trusts established in the prior 60 months.
- After you die, states can go after any real or personal property or other assets, including the home you held in your name, in order to recoup your long-term care expenses.
- Medicaid authorities, not your family, will select the nursing home facility you will be placed in.

# How Would You Pay for Long-term Care?

## Personal Assets

One long-term illness may jeopardize your accumulated retirement savings.

**If the cost of care was \$71,000 a year, how many years of long term care could you afford before you depleted YOUR liquid assets?**

The alternative that will protect your assets while protecting any long-term care needs you may have...

# Private Long-term Care Insurance



# Private Long-term Care Insurance

- Avoid physical and financial dependence on family and friends
- Protect your hard-earned assets
- Maintain choice on how and where to receive care
- Assure high-quality care, at an affordable price
- Stay at home when you need care
- Maintain your independence

# Let's Go Shopping! What Do I Look For?

## The Company

- The financial stability of the company
- Proven track record
- History of rate increases
- Responsive and experienced claims staff

# Let's Go Shopping! What Do I Look For?

## The Product

- Benefit flexibility
- Wide range of care options
- Inflation protection
- Waiting period
- Coverage for Alzheimer's Disease (diagnosed after the policy date)
- Guaranteed renewable
- Wide range of optional additional benefits to cover any needs/concerns. (i.e. joint waiver of premium, sharedcare, and return of premium riders)



# Planning is Always the Best Option!

- Many often put off the decision of how they will afford long-term care
- Too often, people wait until they critically need care. By then, they may not qualify for care.
- Remember: the healthier you are, the longer you are likely to live. The longer you live, the more likely it is that you will need long-term care.
- Evaluate your situation.
- Discuss the emotional and financial issues with your children.
- Explore all the options.

# How Do I Get Coverage?

## **Appointment**

- Make an appointment with your Financial Consultant, who will assess your personal needs and present a quality product that will satisfy each and every need.

## **Application**

- Complete the application paperwork.

## **Underwriting**

- The chosen carrier will evaluate your application and health history to determine eligibility.
- A telephone interview, face-to-face interview, or an exam may be required to assess eligibility.

# How Do I Get Coverage?

## Delivery

- Once approved, the policy will be delivered and you will have 30 days to free-look the policy.
- By paying your premiums on time, your policy and coverage will stay in force.

# Is there any risk you haven't already insured?

- Have you insured your home?

1 in 1200 will use their fire insurance.

- Have you insured your car?

1 in 240 will use their auto insurance.

- Do you have medical insurance?

We all use our medical insurance.

- Do you have a plan to pay your long-term care expenses?

**1 in 3 will need to use their long-term care insurance.**

***Why not insure one of your greatest risks with long-term care insurance?***

Take the first step and make an appointment with your Financial Consultant today. Protect your financial freedom and your independence!

Simply put, Long-term Care insurance is *peace of mind!*



Thank You

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