

THE MONEY COACHES



In three words I can sum up everything I've learned about life: it goes on.

Robert Frost

WHAT IS LONG-TERM CARE AND HOW SHOULD YOU PREPARE FOR IT?



If you have health and life insurance, you probably feel you're adequately covered for whatever situation you may find yourself in. However, this may not be true. One of the ways many folks are not covered is in the area of long-term care. But what is long-term care?

Long-term care generally describes the need of any person to have assistance with daily tasks such as getting dressed, bathing, eating etc. These can mean anything from in-home care on an occasional basis to nursing home care, to hospice. All of this would fall under long-term care and so could warrant long-term care insurance to help cover the costs.

But what are the chances you'll need long-term care? It turns out, pretty good. Approximately **70 percent** of Americans over the age of 65 will need some level of long-term care in their lifetime, with 40 percent needing nursing home care. The reality is, you

need to be prepared for the likelihood that you'll use some form of long-term care in your lifetime.

The next important bit of information you may be wondering is: how much does long-term care typically cost? According to the Alzheimer's Association, the estimated cost for end-of-life care could range anywhere from \$217,820 to \$314,651. The average yearly cost for nursing home care is \$70,000, and even in-home care can be upwards of \$30,000 annually. Given the high cost and the relatively high likelihood that you'll be someone who needs to deal with that cost, the question is, how should you prepare for it?

One possible solution is long-term care insurance. Long-term care insurance is insurance that specifically covers these kinds of costs. What it covers precisely depends on the policy, but most cover in-home care, assisted living, and nursing home care. You should not count on Medicare or Medicaid paying for long-term care, because even in the instances where they do provide coverage, they strictly limit your options for where you can receive care, and most only provide coverage for a limited length of time (around 3 months of nursing home care).

What you have to do when deciding whether to pay for long-term care insurance is to weigh the costs and benefits. According to the AARP, long-term care insurance policies average \$2,700 per year. That price can vary greatly depending on your age and health.

You'll have to decide if it makes more sense to spend your money on insurance premiums or invest it. If you decide to get long-term care insurance, you'll also need to decide when to start your policy. Starting it earlier may mean lower premiums, but also less money available to invest, which could end up being a more profitable way to use that money. There are also some concerns about the security of investing premiums in the long-term care insurance system. As baby boomers retire, we will see the number of elderly increase at a very high rate. That will mean higher instances of claims being filed for long-term care insurance. Many question whether insurance providers will actually be able to hold up under the weight of all those claims. Regardless of what you decide, there is no question that we all need to have a plan in place to account for the cost of long-term care.

Keep an eye out for our next newsletter where we will detail this further.

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