

# Tackling the Long-Term Care Conversation

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*Long-term care is assistance for someone who can no longer live independently due to medical or age-related reasons. Many hesitate to talk about this delicate topic, but it is critical to discuss it and develop a personal plan for long-term care. July's Wealth Management Insights shares important facts about long-term care and why it's important to take the time to discuss it with your loved ones.*

It's more important than ever to plan ahead for long-term care. Take the time to discuss your preferences with your loved ones.



– Erica Kroll, CLU  
Insurance Specialist

## What you should know:

**1. Many people will need long-term care at some point in our lives or be called upon to provide it for a loved one.**

- Long-term care is an increasingly common need. The U.S. Department of Health and Human Services estimates that 70% of Americans turning 65 will need long-term care at some point.<sup>1</sup>
- Many individuals need this type of care for an extended period of time. Twenty percent of adults age 65 and older will need long-term care for five or more years.<sup>2</sup>
- Sixty five million U.S. adults serve as an unpaid family caregiver, and the estimated value of the care they provide is \$375 billion annually – nearly

twice the amount that is actually spent on in-home care and nursing home services every year.<sup>3</sup>

**2. The cost of long-term care is expected to soar.**

- Today, hiring a professional to provide in-home care for 40 hours a week can cost \$45,000 a year, while nursing home services can run \$92,000 a year. In 10 years, those services are expected to cost \$62,000 and \$124,000, respectively.<sup>4</sup>
- Contrary to popular belief, neither Medicare nor Medicaid will cover all long-term care expenses. Be prepared to cover the majority of these costs on your own.
- Don't wait for an urgent need to emerge to make plans for long-term care. If you're ►

considering a long-term care insurance policy, remember a younger age may mean a cheaper insurance premium.

### 3. The fiscal and personal demands of long-term care can have a significant impact on your retirement plans.

- Seventy-six million baby boomers will reach retirement age in the next decade. As such, the demand for and cost of long-term care is expected to increase dramatically. Increased bills could put more pressure on retirement budgets.
- Take the time to talk to your family about who, if anyone, may be able to provide care, in what setting and at what cost. Be sure to consider the emotional, physical and financial toll this role may take on a caregiver.

- If you choose to forgo a long-term care insurance policy, be sure to adjust your retirement savings so you have the means to cover any needed long-term care services.

#### What you should do now:

It's important to have the long-term care conversation well in advance of any urgent need. Your Baird Financial Advisor can collaborate with you to develop a long-term care plan that meets your unique needs and makes sense for you and your loved ones. ■

<sup>1</sup>U.S. Department of Health and Human Services. Long Term Care: The Basics.

<sup>2</sup>U.S. Department of Health and Human Services, National Clearinghouse, "How Much Care Will You Need?" <https://longtermcare.acl.gov/the-basics/how-much-care-will-you-need.html>

<sup>3</sup>Long-Term Care in America. Expectations and Reality (highlights from The Associated Press-NORC Center for Public Affairs Research, 2014).

<sup>4</sup>Genworth Financial Inc. Compare Long Term Care Costs Across the United States.

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