SOFA EDUCATION SERIES · RETIREMENT PLANNING

Preparing for *Long-Term Care*

Know the risk, the costs, and every way to pay.

SOFA

THE SOCIETY FOR FINANCIAL AWARENESS

DC METROPOLITAN CHAPTER

www.dcsofa.org

TODAY'S SESSION

Five parts, *one plan*

From understanding the risk to building a strategy you can act on.

01

The Risk

How likely you are to need care, what it is, where it happens, and what it costs.

02

Paying Out of Pocket

Self-insuring, drawing on the TSP, CCRCs and reverse mortgages.

03

Government Programs

What Medicare really covers — and how Medicaid planning works.

04

Insurance Solutions

LTC insurance, rising premiums, and hybrid life policies with LTC riders.

05

Your Plan

Why to start now, and a five-step checklist.

01

PART ONE

The *risk*

Most of us will need some form of care. Few of us have priced it in.

HOW WILL YOU PAY FOR CARE?

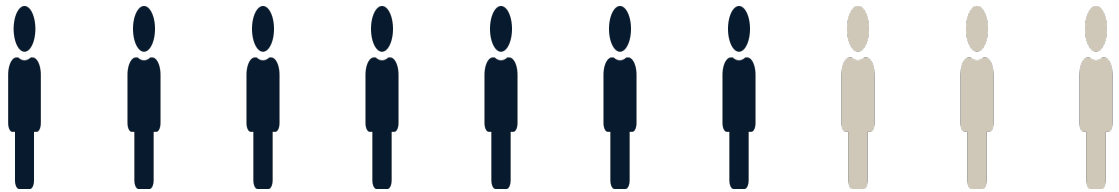
01	Pay out of pocket — self-insure
02	Government programs — Medicare or Medicaid
03	Long-term care insurance
04	Life insurance with an LTC rider, or a hybrid policy
05	Elder care planning

Is long-term care *in your future?*

Statistically, seven in ten people over age 65 will need long-term care — just as three income pressures converge.

70%

of people over 65
will need long-term care at some point.



7 IN 10

THE PERFECT STORM

- Less Social Security
- Reduced pension
- A tax-deferred TSP — every dollar out is taxable

Source: U.S. Dept. of Health & Human Services (LongTermCare.gov).

What is *long-term care?*

Not a hospital stay — ongoing help with everyday living, delivered wherever you live.

Ongoing support

Services and support needed because of a chronic health condition or disability — not a one-time recovery.

Three levels of care

Skilled, intermediate, and personal (custodial) care — from medical treatment to help with daily activities.

Many settings

Care can be provided at home, in adult day care, in assisted living, or in a nursing home.

Six activities *of daily living*

Most LTC policies begin paying when you need help with two of these six — or have a cognitive impairment.

01 *Bathing*

02 *Dressing*

03 *Eating*

04 *Transferring*

Moving from one place to another

05 *Toileting*

06 *Continence*

The ability to control bladder and bowel function

Where can you *receive care?*

Care follows the need — from your own living room to a skilled nursing facility.

01

Home

In-home aides and home health

02

Adult Day Care

Daytime supervision and activities

03

Assisted Living

Housing plus help with daily needs

04

Nursing Home

24-hour skilled and custodial care

What care *costs today*

National monthly cost by type of care. Memory care — secured care for Alzheimer's and dementia — sits between assisted living and a nursing home.

MEMORY CARE

$6,999

per month · national average

$83,988 a year

NURSING HOME · SEMI-PRIVATE

$9,581

per month · national median

$114,975 a year

NURSING HOME · PRIVATE ROOM

$10,798

per month · national median

$129,575 a year

Sources: nursing homes — CareScout 2025 Cost of Care Survey (national medians, released March 2026). Memory care — A Place for Mom national average, updated July 2026. Annual = monthly × 12.

What care costs *where you live*

Monthly cost of care. Our region runs above the national median — the Midwest runs below it.

REGION	STATE	MEMORY CARE	SEMI-PRIVATE	PRIVATE ROOM	PRIVATE ROOM VS. NATIONAL
NATIONAL	**United States**	**$6,999**	**$9,581**	**$10,798**	baseline
DC REGION	Washington, DC†	$10,077	—	—	*Highest memory care cost shown*
	Maryland	$8,003	$12,927	**$14,448**	+34%
	Virginia	$7,372	$10,250	**$11,680**	+8%
EAST COAST	New York	$8,640	$15,528	**$16,729**	+55%
	Massachusetts	$9,730	$14,448	**$15,817**	+46%
MIDWEST	Illinois	$7,681	$8,304	**$9,216**	-15%
	Ohio	$6,894	$9,186	**$10,389**	-4%
WEST COAST	California	$7,329	$12,167	**$15,178**	+41%
	Washington	$8,229	$13,155	**$15,969**	+48%

Nursing homes: CareScout 2025 Cost of Care Survey, state medians. Memory care: A Place for Mom state averages, July 2026. †CareScout does not survey DC nursing homes.

02

PART TWO

Paying *out of pocket*

Self-insuring gives you the most freedom — and carries the most risk.

HOW WILL YOU PAY FOR CARE?

01	**Pay out of pocket — self-insure**
02	Government programs — Medicare or Medicaid
03	Long-term care insurance
04	Life insurance with an LTC rider, or a hybrid policy
05	Elder care planning

OPTION 01 · SELF-INSURE

Paying for care *out of pocket*

Ideal if you can afford to pay for care indefinitely — and are prepared for what that requires.

Advantages

- More freedom to choose your care
- Ideal if you can afford to pay for care indefinitely

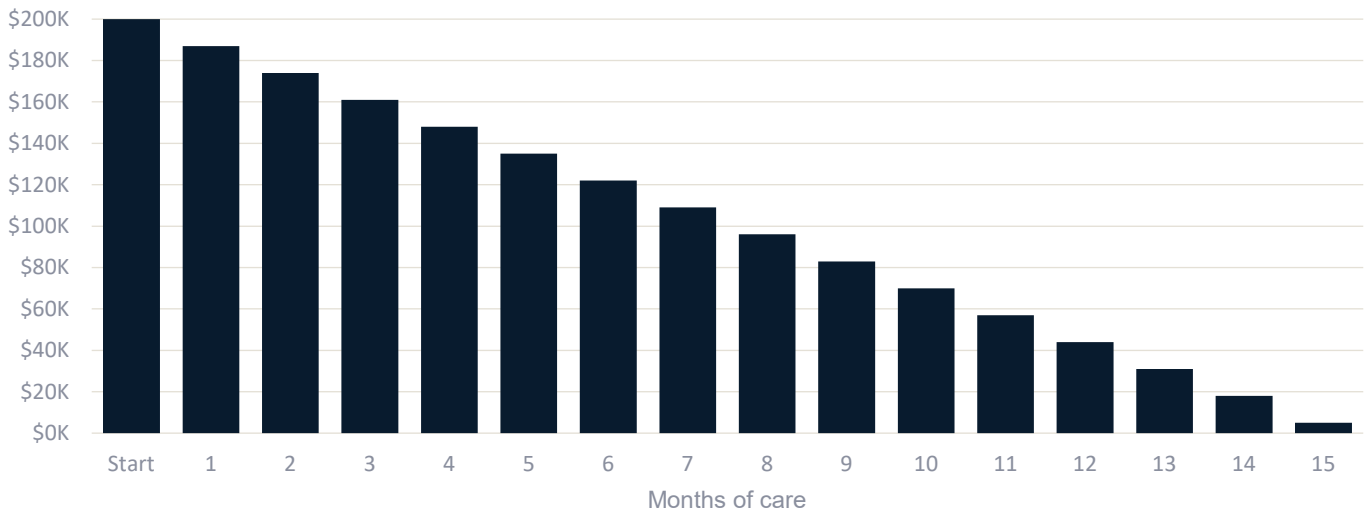
What it demands

- You must be willing to liquidate assets if necessary
- It may reduce what you can pass on to family
- If the money runs out, you'll rely on family members or the government

Paying for care *from the TSP*

$10,000 a month of care costs about $13,000 in withdrawals once taxes are paid. A $200,000 balance lasts about 15 months.

TSP BALANCE, MONTH BY MONTH



Quick depletion

Care costs can drain the account in just over a year.

Higher tax bracket

Large withdrawals push income into higher brackets.

Market volatility

You may be forced to sell in a downturn.

Hypothetical illustration: $200,000 balance, $13,000 monthly withdrawal ($10,000 care + $3,000 taxes), no growth assumed.

OPTION 01 · CCRCS

Continuing care *retirement communities*

Age in place: one community that moves with you through every stage of care.

Independent Living › *Assisted Living* › *Memory Care* › ***Skilled Nursing Care***

TYPICALLY OFFER Independent and assisted living options · On-site healthcare services · 24/7 access to doctors and nurses

UP-FRONT COSTS

Buy-in structure

Entry fee	May be fully, partly, or non-refundable
Equity	You buy the unit and may resell it
Rental	No buy-in beyond a community fee

ONGOING COSTS

Monthly payment structure

Fee-for-service	Fee rises to market rate when care begins
Modified	Care is discounted or partly included
Life care	Monthly rate stays the same if care is needed

Three CCRC contracts, *made simple*

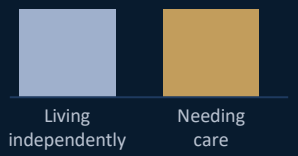
The real difference: what happens to your monthly fee when you need more care?

TYPE A

Life Care

Prepay for future care. Your monthly fee stays about the same — even in skilled nursing.

MONTHLY FEE



Same fee

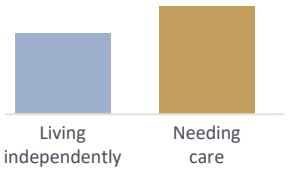
UP-FRONT COST $$$ Highest

TYPE B

Modified

Some care is included — a set number of days, or a discount off market rates (often 20–30%).

MONTHLY FEE



Discounted care

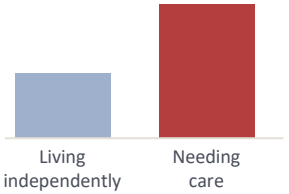
UP-FRONT COST $$$ Moderate

TYPE C

Fee-for-Service

Lower cost to move in. If you ever need care, you pay the full market rate.

MONTHLY FEE



Full market rate

UP-FRONT COST $$$ Lowest

THINK OF IT LIKE INSURANCE *Type A = full coverage · Type B = partial coverage · Type C = pay as you go*

OPTION 01 · HOME EQUITY

Paying for care with a *reverse mortgage*

Turn home equity into a source of care funding — without leaving the house.

01

Stay at home

Live at home for as long as you are able.

02

No mortgage payments

There are no monthly mortgage payments to make.

03

Repaid when you move

The loan is repaid when you vacate the home.

03

PART THREE

Government *programs*

Medicare helps briefly. Medicaid helps only after your assets are gone.

HOW WILL YOU PAY FOR CARE?

01 Pay out of pocket — self-insure

02 Government programs — Medicare or Medicaid

03 Long-term care insurance

04 Life insurance with an LTC rider, or a hybrid policy

05 Elder care planning

Medicare and *long-term care*

Federal health insurance for people 65 or older, certain younger people with disabilities, and people with end-stage renal disease.

Pros

- May pay up to 100 days of medically necessary care in a skilled nursing facility per benefit period.
- The first 20 days are paid at 100% — but a qualifying hospitalization must occur first.

Cons

- Days 21–100 require a co-payment.
- No coverage for help with any of the activities of daily living.
- No benefits for care that helps you remain in your home.

Things to consider

- Once Medicare stops paying, any Medicare supplement policy stops paying too.
- Medicare pays for acute care — not for long-term residency.

What Medicare *does cover*

Medicare provides limited coverage for long-term care services — and only for those who qualify.

Long-term care hospital

Care in a long-term acute care hospital

Skilled nursing

Skilled care in a skilled nursing facility

Home health

Eligible home health services

Hospice & respite

Hospice care and respite care

The common misconception. Many people believe Medicare will pay for their long-term care. It won't — it pays for skilled care for a relatively short period, for those who qualify.

Qualifying for Medicaid: *what you can keep*

How much of your savings you keep — single or married — before Medicaid pays for nursing-home care.

	IF YOU'RE SINGLE		IF YOU'RE MARRIED · ONE SPOUSE NEEDS CARE		
SAVINGS & INVESTMENTS	YOU KEEP	MUST SPEND DOWN	SPOUSE IN CARE KEEPS	SPOUSE AT HOME KEEPS	MUST SPEND DOWN
$50,000	$2,500	$47,500	$2,500	$32,532 *minimum applies*	$14,968
$200,000	$2,500	$197,500	$2,500	$100,000 *half*	$97,500
$500,000	$2,500	$497,500	$2,500	$162,660 *maximum applies*	$334,840

A couple with $500,000 keeps $165,160 total ($2,500 + $162,660) — not $162,660 each. *VA: spouse in care keeps $2,000 · DC: $4,000.*

Kept on top of that — exempt

- Your home
- One car
- Household goods
- Wedding & engagement rings
- Burial plot & prepaid funeral
- Life insurance to $1,500

Counted

Cash, CDs, stocks, bonds & funds, a second home, cash-value life insurance, TSP & IRAs (most states)

HOME EQUITY LIMIT

$752,000 MD & VA
$1.13M DC

LOOK-BACK ON GIFTS

5 years

2026 figures, Maryland. Sources: CMS (Apr. 27, 2026); MedicaidPlanningAssistance.org. MD, VA and DC use the "half" rule for the spouse at home. The home may be subject to estate recovery.

Does your income *disqualify you?*

Social Security and federal pensions count as income. But in our region, income rarely keeps you out of nursing-home Medicaid — it pays toward your care.

Yes, it counts

Social Security, FERS & CSRS pensions, annuities and TSP or IRA withdrawals all count.

The limit: $2,982 a month

The 2026 income standard for one applicant — 300% of the SSI benefit.

Over it? Not shut out

In MD, VA and DC, if care costs more than your income, you can still qualify through a "spend-down."

The catch

Nearly all your income goes to the nursing home. You keep a small allowance: $109 a month in MD and DC, $40 in VA.

EXAMPLE · FEDERAL RETIREE IN MARYLAND*

Pension + Social Security	**$4,500**
Personal needs allowance	**– $109**
Medicare Part B premium	**– $203**
Paid to the nursing home	**$4,188**

Semi-private room: $12,927/mo. **Medicaid pays ~$8,739.**

Income over $2,982 — but still eligible, because care costs more.

*2026 figures: CMS; MD, VA and DC use a medically needy spend-down (MedicaidPlanningAssistance.org). *Hypothetical example; Medicare Part B premium $202.90.*

Medicaid *planning*

Qualify sooner by distributing or protecting your assets — three common strategies.

Small term life policy

Convert countable assets, such as savings, into assets Medicaid doesn't count.

Irrevocable trust

Place assets — or, in income-cap states, extra income — into a trust.

Gift

Simply give assets away to family or others.

Every strategy has consequences. Transfers can trigger Medicaid's five-year look-back and penalty period — plan well ahead, with an elder law attorney.

04

PART FOUR

Insurance *solutions*

Transfer the risk — and understand what it costs to keep that protection.

HOW WILL YOU PAY FOR CARE?

01 Pay out of pocket — self-insure

02 Government programs — Medicare or Medicaid

03 Long-term care insurance

04 Life insurance with an LTC rider, or a hybrid policy

05 Elder care planning

Federal LTC Insurance: *on hold*

The Federal Long Term Care Insurance Program is not currently accepting applications.

DEC 2022

Applications suspended

New enrollment paused

DEC 19, 2024

Extended 24 months

Freeze renewed for two more years

DEC 19, 2026

Current end date

Watch for OPM's next decision

Not enrolled?

Individuals not already enrolled may not apply for coverage.

Already enrolled?

Current FLTCIP enrollees may not apply to increase their coverage.

Source: OPM / LTCFEDS.gov suspension notice. Reconfirm status before presenting — the current suspension is scheduled through Dec. 19, 2026.

How LTC insurance *works*

Four things to understand before you buy.

01

Qualify while healthy

You must be in reasonably good health to buy a policy.

02

Premium is personal

Based on your age at purchase and the features and benefits you choose.

03

Benefits are triggered

Typically when you're chronically ill or cognitively impaired and need help with 2 of 6 ADLs.

04

Then benefits flow

Once the waiting period is satisfied, benefits are paid as long as needed — up to policy limits.

Five key features *to compare*

Each one shapes both your coverage and your premium.

01

Benefit

What is the amount of the benefit payable?

02

Benefit Period

How long will benefits last?

03

Elimination Period

How long will you wait before benefits begin?

04

Location of Care

Does the policy cover care in different settings?

05

Inflation Protection

Will your benefits keep up with rising costs?

Existing policies, *rising premiums*

Top 10 individual LTC rate filings, first half of 2022. Approved increases ranged from 15% to 107%.

≈11%

ANNUAL INCREASE

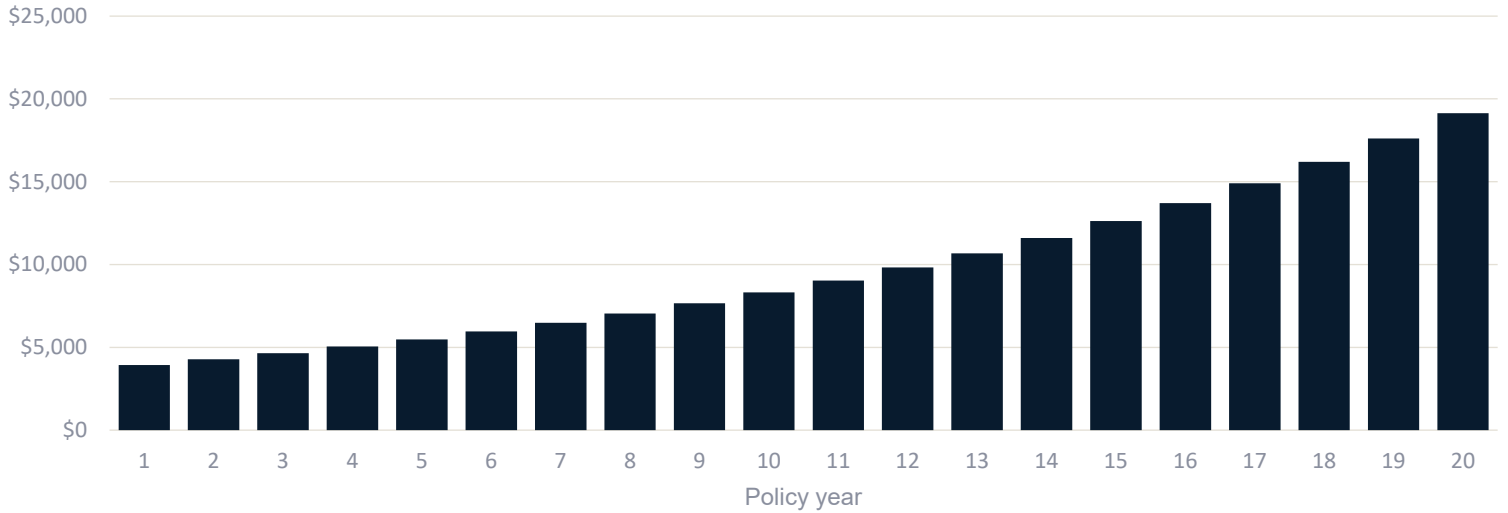
STATE	FILER	PREMIUM CHANGE ($M)	WRITTEN PREMIUM ($M)	APPROVED RATE CHANGE*	POLICYHOLDERS AFFECTED	EFFECTIVE DATE
VA	Genworth Life Insurance Co.[1]	9.7	26.9	36.1%	10,228	04/21/22
OH	Genworth Life Insurance Co.	9.7	14.8	65.4%	6,713	03/31/22
PA	John Hancock Life Insurance Co. USA	7.5	12.7	59.1%	4,760	05/09/22
TN	Genworth Life Insurance Co.	5.5	9.2	59.5%	4,431	04/27/22
KY	Genworth Life Insurance Co.	5.1	12.7	39.9%	4,617	03/31/22
IA	Ability Insurance Co.[1 2]	5.0	10.6	47.4%	2,612	02/18/22
NE	Mutual of Omaha Insurance Co.[1]	4.9	4.6	107.1%	2,383	01/01/22
AL	Genworth Life Insurance Co.	4.7	31.0	15.0%	8,321	03/14/22
TX	Allianz Life Insurance Co. of North America	4.6	7.5	62.2%	2,821	01/29/22
NE	Ability Insurance Co.[2]	4.6	8.1	56.7%	2,024	01/13/22

Source: S&P Global Market Intelligence, compiled Aug. 4, 2022. Top 10 by calculated premium change; renewal dates Jan. 1 – June 30, 2022. Full methodology in speaker notes.

STRESS TEST

Can you afford *this premium?*

A $3,930 annual premium, if increases keep compounding, becomes $19,142 by year 20.



$3,930
Year 1 premium

$8,320
Year 10 — more than double

$19,142
Year 20 — nearly 5× the original

Hypothetical illustration based on a $3,930 starting premium (2015 average annual premium per couple, AALTCI). Not a projection of any specific policy.

LTC insurance *vs. investing*

The same $3,042 a year for 20 years — two very different pools of money for care.

AVAILABLE FOR CARE AFTER 20 YEARS

INVEST $3,042 A YEAR

$105,616

accumulated after 20 years at a 5% after-tax return*

PAY $3,042 A YEAR IN PREMIUM

$435,804 *4.1×*

LTC benefit after 20 years — 3-year policy, $150/day, 5% compound inflation

*Hypothetical example; doesn't reflect the return of any specific investment. Premium: single age 65, $150/day, 3-year benefit, 5% compound inflation (AALTCI).

Other *insurance options*

Combination policies pair life insurance or an annuity with a long-term care rider.

COMBINATION POLICY

Life insurance or an annuity + *an LTC rider*

Use some or all of the contract value to pay for long-term care. If you never need it, the value still works for you.

If you need care

Draw on the contract value to pay long-term care expenses.

If you never do

A death benefit passes to your beneficiaries — or the annuity supplements your income.

What it takes

Typically a lump sum of at least $50,000. Premiums aren't deductible as a medical expense.

Two strategies, *two outcomes*

A hybrid plan is built mainly for one job. Whole life with an LTC rider does four.

ONE-DIMENSIONAL STRATEGY

A hybrid plan 1

- Protects for long-term care

MULTI-DIMENSIONAL STRATEGY

Whole life with an LTC rider 4

- Long-term care protection
- Income replacement
- Tax shelter
- Wealth transfer

A hybrid policy, *by the numbers*

$10,000 a year for 10 years, starting at age 58. All values and benefits guaranteed.

$100,000
Total premium — $10,000 × 10 years

$292,786
Guaranteed LTC benefit pool

$743,836
Total LTC benefit by age 87,† with inflation rider

$100,000
Death benefit if care is never needed

YEAR	AGE	PREMIUM	CASH VALUE	DEATH BENEFIT	LTC BENEFIT POOL	MONTHLY LTC BENEFIT*	TOTAL BENEFIT*
1	58	10,000	6,044	97,595	292,786	4,066	**315,644**
5	62	10,000	24,738	97,595	292,786	4,577	**355,260**
10	67	10,000	52,008	100,000	292,786	5,306	**411,844**
20	77	0	67,350	100,000	292,786	7,131	**553,484**
25†	82	0	—	—	292,786	8,266	**641,639**
30†	87	0	—	—	292,786	9,583	**743,836**

*Hypothetical carrier illustration; guaranteed 1.00% interest rate. *Includes 3% compound inflation rider. †Years 25–30 calculated at that 3% rate; cash value and death benefit beyond year 20 are not in the source illustration.*

Life insurance with *an LTC rider*

Starting at age 60: $10,379 a year — $10,000 base premium plus $379 for the LTC rider.

$10,379
Annual premium, incl. $379 LTC rider

$229,197
Guaranteed death benefit

$489,595
Total death benefit at age 89*

$440,636
LTC benefit at age 89 — 90% of death benefit*

YEAR	AGE	TOTAL PREMIUM	GUARANTEED CASH VALUE	GUARANTEED DEATH BENEFIT	TOTAL CASH VALUE*	TOTAL DEATH BENEFIT*	LTC BENEFIT (90%)*
1	60	10,000	0	229,197	**1,494**	**232,679**	209,411
5	64	10,379	17,848	229,197	**27,474**	**249,067**	224,160
10	69	10,379	48,665	229,197	**75,138**	**276,610**	248,949
15	74	10,379	81,365	229,197	**135,899**	**314,908**	283,417
20	79	10,379	114,106	229,197	**210,917**	**364,920**	328,428
30	89	10,379	169,154	229,197	**390,602**	**489,595**	440,636

*Hypothetical carrier illustration. *Total values include non-guaranteed dividends and paid-up additions; guaranteed values shown separately.*

The rider's *benefit pool*

For $379 a year, a $204,197 benefit pool that grows with dividends — $329,219 by age 79.

$379	$204,197	$329,219	$7,317
Current annual rider premium	Base LTC benefit pool	Total benefit pool at age 79	Max monthly benefit at age 79

YEAR	AGE	CURRENT PREMIUM	MAXIMUM PREMIUM*	BASE BENEFIT POOL*	DIVIDENDS BENEFIT POOL	TOTAL BENEFIT POOL	MAX MONTHLY BENEFIT	MIN. PAYOUT (MONTHS)
1	60	379	379	204,197	0	**204,197**	4,254	46
5	64	379	758	204,197	15,334	**219,531**	4,765	43
10	69	379	758	204,197	41,194	**245,391**	5,615	42
15	74	379	758	204,197	76,975	**281,172**	6,466	42
20	79	379	758	204,197	125,022	**329,219**	7,317	43

*Hypothetical carrier illustration. *Maximum premium and base benefit pool per carrier contract; dividend values not guaranteed. Values at beginning of year.*

Surplus RMDs, *taxed again and again*

Required distributions you don't spend are taxed once coming out — then taxed again wherever they land.

RMD · TAXED

TSP
Tax-deferred

→

INCOME
After RMD & tax

→

SURPLUS
More than you spend

→

INVESTMENT
Taxable account

TAX on interest	**TAX** on dividends	**TAX** on gains	**TAX** on income drawn

The question: *what is the purpose of this account?*

What is the surplus *really for?*

Most surplus money is quietly earmarked for one of three jobs.

01

Emergency

A reserve for the unexpected.

02

Long-term care or health

Funding care if and when it's needed.

03

Legacy

What you leave to family and causes you care about.

Reposition the surplus, *tax-free*

Redirect surplus RMDs into life insurance with an LTC rider — tax-free for care, tax-free to heirs.

RMD · TAXED

TSP
Tax-deferred

→

INCOME
After RMD & tax

→

SURPLUS
More than you spend

→

LIFE + LTC RIDER
Tax-free benefits

Tax-free LTC benefits

Draw on the rider if care is needed.

Tax-free transfer

A death benefit passes income-tax-free to heirs.

SIDE BY SIDE

LTC insurance vs. *life with an LTC rider*

How the two approaches compare on cost, value and what happens at death.

	LTC INSURANCE	LIFE WITH LTC RIDER
Fixed cost for premiums	NO	YES
Pay premiums for your lifetime	YES	YES — or paid-up option
Accumulates value	NO	YES
Has a death benefit	NO	YES
Death benefit increases over time	NO	YES
Death benefit is tax-free to heirs	N/A	YES
Estate gets premiums or death benefit back after death	NO	YES

Income that doubles *when care arrives*

When a covered person qualifies for care, the income benefit doubles — with these protections built in.

2X

INCOME

for up to 5 years

- Pays even if the account value is $0
- Up to 5 years (60 months) of payments
- Available after the 2nd contract year
- No waiting period after qualification
- Qualifies with 2 of 6 ADLs
- Option to take non-consecutive payments
- Available to either covered person

05

PART FIVE

Your *plan*

It's never too late to plan — but the earlier you start, the more options you keep.

HOW WILL YOU PAY FOR CARE?

01 Pay out of pocket — self-insure

02 Government programs — Medicare or Medicaid

03 Long-term care insurance

04 Life insurance with an LTC rider, or a hybrid policy

05 **Elder care planning**

Begin planning *today*

Three reasons to act while the choice is still yours.

01

While you're healthy

Healthy enough to take advantage of all options — including insurance you may not qualify for later.

02

While you have time

Time enough to plan — including Medicaid planning, which needs years of lead time.

03

For your family

Relieve your family of the burden of making decisions in a crisis.

THANK YOU

Thank you for *your time today.*

Share your feedback via the link in the webinar chat.

Disclosures

Presentations are intended for educational purposes only and do not replace independent professional judgment. The information discussed is basic and general in nature and is intended for educational purposes only. No specific product or companies are being solicited. It is recommended that you consult the advice of certified professionals regarding your specific situation. Please understand that laws and regulations are subject to local variations and may have different interpretations. Therefore, should legal advice be required, it is recommended that you seek the advice of a qualified attorney in your state of residence. No specific investment advice is ever intended. Financial products can vary, therefore, always examine the detail of the product structure, provisions and features. Any discussions regarding interest rates, rates of return, and tax rates are purely hypothetical and not intended to represent assurances or guarantees. The presenters of this information are not related to, endorsed by, nor connected with and not approved by any Government Agency or organization. Before investing or using any strategy, individuals should consult with their tax, legal, or financial advisor. All information contained in this presentation has been derived from sources deemed to be reliable but cannot be guaranteed.