



THE SOCIETY FOR FINANCIAL AWARENESS  
DC Metropolitan Chapter [www.dcsdfa.org](http://www.dcsdfa.org)

## PREPARING FOR LONG TERM CARE

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# IS LONG-TERM CARE IN YOUR FUTURE?

Statistically, 70% of people over age 65.....that's 7 out of 10 people...will need long-term care

**Perfect Storm...**

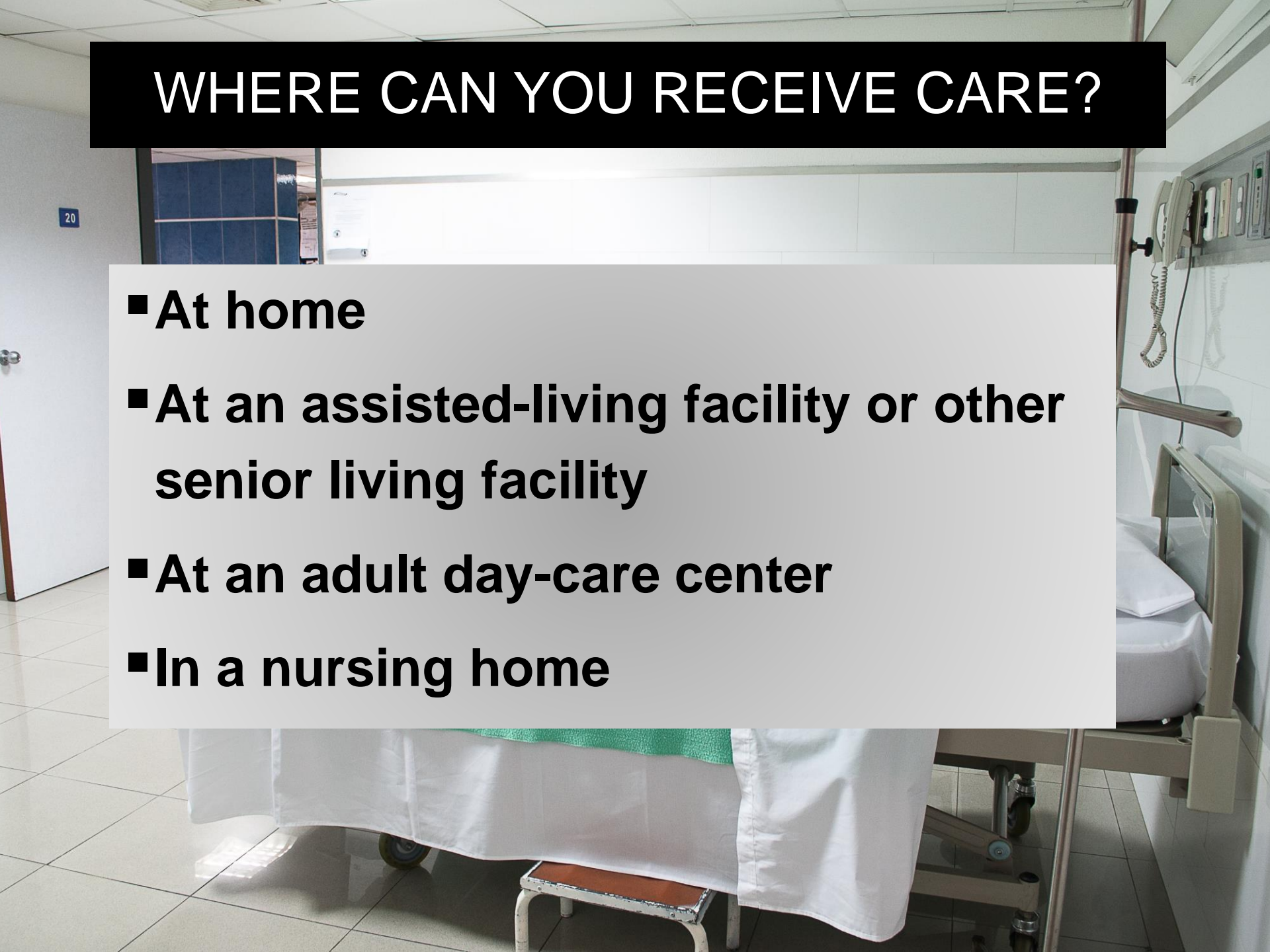
- **Less Social Security**
- **Reduce Pension**
- **TSP-Tax Deferred**

# Long-Term Care

- Ongoing services and support needed because of chronic health condition or disability
- Three levels of care: skilled, intermediate, and personal care
- Care can be provided in a variety of settings

# WHERE CAN YOU RECEIVE CARE?

- **At home**
- **At an assisted-living facility or other senior living facility**
- **At an adult day-care center**
- **In a nursing home**



# ANNUAL COST OF NURSING HOME CARE

- The average American underestimates the cost of in-home long-term care by almost 50%.
- The median cost of a private nursing home room in the United States has increased slightly to \$105,852 a year, according to Genworth's 2020 Cost of Care survey

## Monthly Median Costs: *National (2020)*

In-Home Care <span>(i)</span>	Community and Assisted Living <span>(i)</span>	Nursing Home Facility <span>(i)</span>
Homemaker Services <sup>1</sup> <b>\$4,481</b>	Adult Day Health Care <sup>2</sup> <b>\$1,603</b>	Semi-Private Room <sup>2</sup> <b>\$7,756</b>
Home Health Aide <sup>1</sup> <b>\$4,576</b>	Assisted Living Facility <sup>3</sup> <b>\$4,300</b>	Private Room <sup>2</sup> <b>\$8,821</b>

# HOW WILL YOU PAY FOR LONG-TERM CARE?

- **Pay out-of-pocket - Self Insure**
- **Rely on government programs such as Medicare or Medicaid**
- **Buy long-term care insurance**
- **Life Insurance with LTC Rider/or Hybrid Policy**
- **Elder Care Planning**

# PAYING FOR LONG-TERM CARE *OUT-OF-POCKET*

- More freedom to choose care
- May be ideal if you can afford to pay for care indefinitely

But...

- You must be willing to liquidate assets if necessary
- May impact ability to pass on assets to family
- If you run out of money, relying on family members or the government may be your only options

# PAYING FOR LONG-TERM CARE OUT-OF-POCKET: REVERSE MORTGAGE

*A reverse mortgage allows you to borrow against your home equity. You can use the cash you receive to pay for the long-term care services that will help you remain in your home.*

- **Live at home for as long as you are able**
- **No mortgage payments to make**
- **Loan is repaid when you vacate the home**



# PAYING FOR LONG-TERM CARE *MEDICARE*

- Medicare is federal health insurance that provides only limited coverage for long-term care services
- Most long-term care isn't medical care, but rather help with basic personal tasks of everyday life, sometimes called activities of daily living
- Medicare doesn't cover long-term care (also called custodial care), if that's the only care you need. Most nursing home care is custodial care

## Medicare does cover:

- Care in a long-term care hospital
- Skilled nursing care in a skilled nursing facility
- Eligible home health services
- Hospice & respite care

# MEDICAID PLANNING

**Distributing or protecting your assets in advance may help you qualify for Medicaid. Strategies may include:**

- **Using assets that count (e.g., savings) to purchase assets that don't count (e.g., a small term life insurance policy)**
- **Transferring assets in an irrevocable trust**
- **Giving assets away**

# PAYING FOR LONG-TERM CARE

## *LONG-TERM CARE INSURANCE*

- Pays benefits when you need extended care
- Especially valuable for middle income Americans who want to preserve financial independence and quality of life
- Freedom to choose care
- Can help preserve assets

# **LONG-TERM CARE INSURANCE**

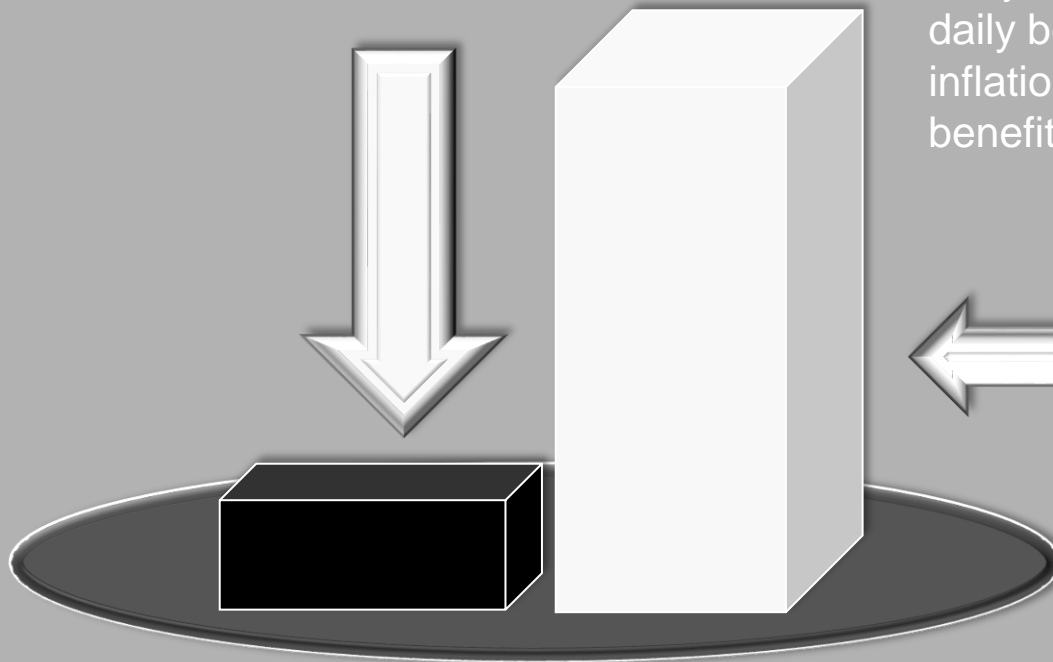
## ***HOW DOES IT WORK?***

- **You must be in reasonably good health to buy policy**
- **Premium is based on your age, and the features and benefits you choose**
- **Benefit is typically triggered when you become chronically ill or cognitively impaired and need help with 2 out of 6 activities of daily living (ADLs)**
- **Once elimination period (waiting period) is satisfied, benefits paid as long as necessary until policy limits are reached**

# LONG-TERM CARE INSURANCE *SHOULD YOU INVEST INSTEAD?*

Investing \$3,042 annually at 5%  
after-tax rate of return: \$105,616  
accumulated after 20 years\*

Paying \$3,042 annual premium for  
a 3-year LTC policy with a \$150  
daily benefit and 5% compound  
inflation protection: \$435,804  
benefit after 20 years



*\*This is a hypothetical  
example and doesn't reflect  
the return of any specific  
investment.*

# LONG-TERM CARE INSURANCE

## *5 KEY FEATURES*

Benefit

What is the amount of the benefit payable?

Benefit period

How long will benefits last?

Elimination period

How long will you wait before benefits begin?

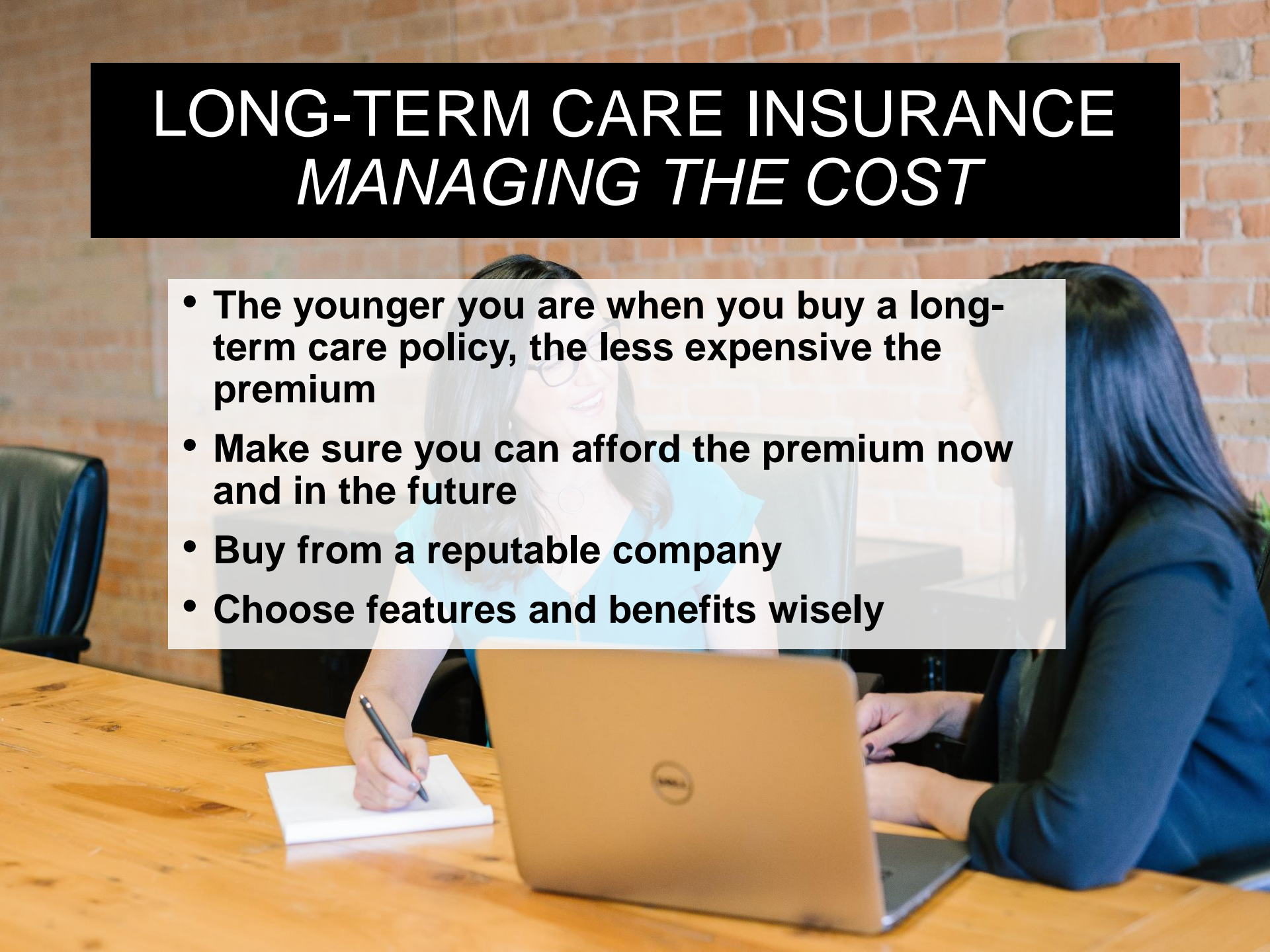
Location of care

Does the policy cover care in different settings?

Inflation protection

Will your benefits keep up with rising costs?

# LONG-TERM CARE INSURANCE *MANAGING THE COST*

- **The younger you are when you buy a long-term care policy, the less expensive the premium**
  - **Make sure you can afford the premium now and in the future**
  - **Buy from a reputable company**
  - **Choose features and benefits wisely**
- 
- A photograph of two women sitting at a wooden table in a meeting. The woman on the left is wearing a light blue top and glasses, and is writing on a notepad with a pen. The woman on the right is wearing a dark blue top and is looking at a laptop. The background is a brick wall.

## SELECT LTC RATE CHANGE FILLINGS WITH RENEWAL BUSINESS EFFECTIVE DATES IN H1

State	Filer	Calculated premium change (\$M)	Written premium (\$M)	Approved rate change (%)*	Number of policyholders affected	Renewal business effective date
VA	Genworth Life Insurance Co. <sup>1</sup>	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. <sup>1,2</sup>	5.0	10.6	47.4	2,612	02/18/22
NE	Mutual of Omaha Insurance Co. <sup>1</sup>	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. <sup>2</sup>	4.6	8.1	56.7	2,024	01/13/22

Date compiled: Aug 7, 2022

LTC = long-term care

Information collected on a best-effort basis. Rate filing information is sourced from the System for Automated Reporting and Form Filing documents.

Reflects individual long-term care rate filings for Types of rate filings: LTC031, LTC041 and LTC051 with renewal business effective dates between Jan. 1 and June 30, 2022. Excludes pending, disapproved and withdrawn filings; filings where rate change was zero; filings where data on the premium impacted was unavailable; filings where the disposition table was unavailable, notably in the state of Florida.

Written premium, calculated premium change, approved rate change and number of policyholders affected are based on disposition section of rate filings. Approved rate change reflects the calculated premium change divided by written premium.

Top 10 filings shown are based on calculated premium change.

\*Approved rate change shown may be the ultimate increase as some states cap the amount an insurer can raise rates in a given year.

<sup>1</sup> Adjustments made to values shown due discrepancies between disposition table and correspondence from the state insurance regulators within the filing.

<sup>2</sup> Include LTC premium changes for policies of medico Insurance Co. that have been novated over to Ability Insurance Co.

Source: S&P Global Market Intelligence



# OTHER INSURANCE OPTIONS

## Combination Policies

- Combines life insurance or annuities with long-term care insurance benefits
- Hybrid LTC Insurance
- Need for large lump sum
- No medical expense deduction



End of Policy Year	Total Annual Premium	Cash Surrender Value	Death Benefit	Total LTC Balance	AOB Monthly Benefit Limit	COB Monthly Benefit Limit
1	\$19,999.93	\$0	\$259,268	Unlimited	\$7,778	\$7,778
2	\$19,999.93	\$1,244	\$259,268	Unlimited	\$8,011	\$8,011
3	\$19,999.93	\$5,989	\$259,268	Unlimited	\$8,252	\$8,252
4	\$19,999.93	\$10,913	\$259,268	Unlimited	\$8,499	\$8,499
5	\$19,999.93	\$16,015	\$259,268	Unlimited	\$8,754	\$8,754
6	\$19,999.93	\$21,301	\$259,268	Unlimited	\$9,017	\$9,017
7	\$19,999.93	\$26,775	\$259,268	Unlimited	\$9,287	\$9,287
8	\$19,999.93	\$32,440	\$259,268	Unlimited	\$9,566	\$9,566
9	\$19,999.93	\$38,299	\$259,268	Unlimited	\$9,853	\$9,853
10	\$19,999.93	\$44,353	\$259,268	Unlimited	\$10,149	\$10,149
11	\$19,999.93	\$50,601	\$259,268	Unlimited	\$10,453	\$10,453
12	\$19,999.93	\$57,044	\$259,268	Unlimited	\$10,767	\$10,767
13	\$19,999.93	\$63,676	\$259,268	Unlimited	\$11,090	\$11,090
14	\$19,999.93	\$70,492	\$259,268	Unlimited	\$11,422	\$11,422
15	\$19,999.93	\$77,480	\$259,268	Unlimited	\$11,765	\$11,765
16	\$19,999.93	\$84,628	\$259,268	Unlimited	\$12,118	\$12,118
17	\$19,999.93	\$91,918	\$259,268	Unlimited	\$12,482	\$12,482
18	\$19,999.93	\$99,339	\$259,268	Unlimited	\$12,856	\$12,856
19	\$19,999.93	\$106,865	\$259,268	Unlimited	\$13,242	\$13,242
20	\$19,999.93	\$114,469	\$259,268	Unlimited	\$13,639	\$13,639
21	\$19,999.93	\$122,123	\$259,268	Unlimited	\$14,048	\$14,048
22	\$19,999.93	\$129,787	\$259,268	Unlimited	\$14,048	\$14,048
23	\$19,999.93	\$137,428	\$259,268	Unlimited	\$14,048	\$14,048
24	\$19,999.93	\$145,032	\$259,268	Unlimited	\$14,048	\$14,048
25	\$19,999.93	\$152,558	\$259,268	Unlimited	\$14,048	\$14,048
26	\$19,999.93	\$159,927	\$259,268	Unlimited	\$14,048	\$14,048
27	\$19,999.93	\$167,088	\$259,268	Unlimited	\$14,048	\$14,048
28	\$19,999.93	\$174,039	\$259,268	Unlimited	\$14,048	\$14,048
29	\$19,999.93	\$180,746	\$259,268	Unlimited	\$14,048	\$14,048

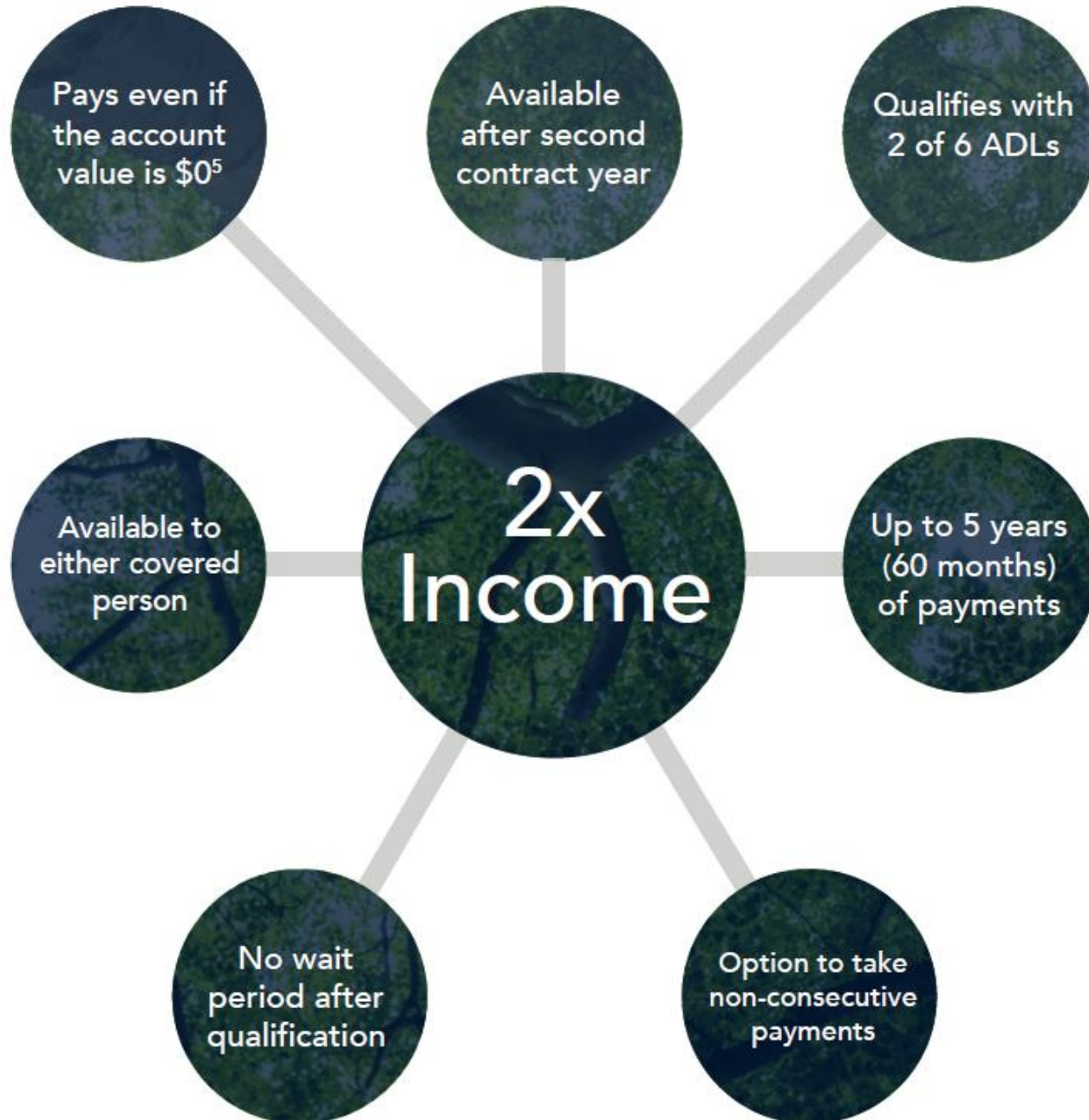
# Tabular Values

Year	Age End Year	Contract Prem for Gtd Values	Guaranteed Cash Value End Year	Guaranteed Death Benefit End Year	Non-Guaranteed Values*						
					Contract Premium	Net Dividend End Year	Cash Value of Additions End Year	Total Cash Value End Year	Paid-Up Additions End Year	Total Death Benefit End Year	Total Paid-Up Insurance End Year
1	60	10,000	0	229,197	10,000	1,494	1,494	1,494	3,482	232,679	3,481
2	61	10,379	676	229,197	10,000	1,680	3,221	3,897	7,277	236,474	8,805
3	62	10,379	6,310	229,197	10,000	1,772	5,092	11,402	11,160	240,357	24,988
4	63	10,379	12,037	229,197	10,000	1,963	7,211	19,249	15,334	244,531	40,931
5	64	10,379	17,848	229,197	10,000	2,197	9,626	27,474	19,870	249,067	56,712
6	65	10,379	23,816	229,197	10,000	2,386	12,297	36,113	24,654	253,851	72,398
7	66	10,379	29,890	229,197	10,000	2,633	15,289	45,179	29,782	258,979	88,004
8	67	10,379	36,053	229,197	10,000	2,912	18,641	54,694	35,296	264,493	103,559
9	68	10,379	42,312	229,197	10,000	3,204	22,373	64,685	41,194	270,391	119,099
10	69	10,379	48,665	229,197	10,000	3,472	26,472	75,138	47,413	276,610	134,575
11	70	10,379	55,110	229,197	10,000	3,837	31,039	86,149	54,100	283,297	150,156
12	71	10,379	61,629	229,197	10,000	4,197	36,078	97,706	61,222	290,419	165,803
13	72	10,379	68,191	229,197	10,000	4,597	41,633	109,823	68,821	298,018	181,544
14	73	10,379	74,778	229,197	10,000	5,060	47,772	122,550	76,975	306,172	197,463
15	74	10,379	81,365	229,197	10,000	5,558	54,534	135,899	85,711	314,908	213,590
16	75	10,379	87,934	229,197	10,000	6,016	61,884	149,818	94,940	324,137	229,845
17	76	10,379	94,484	229,197	10,000	6,432	69,786	164,270	104,580	333,777	246,171
18	77	10,379	101,023	229,197	10,000	6,857	78,253	179,276	114,624	343,821	262,602
19	78	10,379	107,560	229,197	10,000	7,258	87,268	194,828	125,022	354,219	279,115
20	79	10,379	114,106	229,197	10,000	7,633	96,811	210,917	135,723	364,920	295,692
21	80	10,379	120,207	229,197	10,000	8,113	106,986	227,193	146,860	376,057	311,868
22	81	10,379	126,255	229,197	10,000	8,348	117,548	243,803	158,088	387,285	327,886
23	82	10,379	132,233	229,197	10,000	8,645	128,547	260,780	169,487	398,684	343,832
24	83	10,379	138,139	229,197	10,000	9,033	140,073	278,213	181,170	410,367	359,838
25	84	10,379	143,894	229,197	10,000	9,512	152,184	296,078	193,249	422,446	375,972
26	85	10,379	149,469	229,197	10,000	10,052	164,920	314,388	205,792	434,989	392,303
27	86	10,379	154,820	229,197	10,000	10,568	178,231	333,051	218,763	447,960	408,792
28	87	10,379	159,906	229,197	10,000	11,109	192,112	352,018	232,190	461,387	425,456
29	88	10,379	164,694	229,197	10,000	11,642	206,524	371,218	246,061	475,258	442,284
30	89	10,379	169,154	229,197	10,000	12,192	221,447	390,602	260,398	489,595	459,304

## LTCR Values

<u>Year</u>	<u>Age End Year</u>	<u>LTCR Current Premium</u>	<u>LTCR Maximum Premium*</u>	<u>LTCR Base Benefit Pool Beg Year*</u>	<u>LTCR Dividends Benefit Pool Beg Year</u>	<u>LTCR Total Benefit Pool Beg Year</u>	<u>LTCR Maximum Monthly Benefit Beg Year</u>	<u>LTCR Min Payout Period (in months) Beg Year</u>
1	60	379	379	204,197	0	204,197	4,254	46
2	61	379	758	204,197	3,482	207,679	4,254	46
3	62	379	758	204,197	7,277	211,474	4,424	45
4	63	379	758	204,197	11,160	215,357	4,594	44
5	64	379	758	204,197	15,334	219,531	4,765	43
6	65	379	758	204,197	19,870	224,067	4,935	43
7	66	379	758	204,197	24,654	228,851	5,105	42
8	67	379	758	204,197	29,782	233,979	5,275	42
9	68	379	758	204,197	35,296	239,493	5,445	42
10	69	379	758	204,197	41,194	245,391	5,615	42
11	70	379	758	204,197	47,413	251,610	5,786	41
12	71	379	758	204,197	54,100	258,297	5,956	41
13	72	379	758	204,197	61,222	265,419	6,126	41
14	73	379	758	204,197	68,821	273,018	6,296	41
15	74	379	758	204,197	76,975	281,172	6,466	42
16	75	379	758	204,197	85,711	289,908	6,636	42
17	76	379	758	204,197	94,940	299,137	6,807	42
18	77	379	758	204,197	104,580	308,777	6,977	42
19	78	379	758	204,197	114,624	318,821	7,147	43
20	79	379	758	204,197	125,022	329,219	7,317	43

An unexpected change in your health can lead to unplanned expenses such as hospital an  
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# BEGIN PLANNING TODAY

- **While you're healthy enough to take advantage of all options**
- **While you have enough time to plan**
- **To relieve your family of the burden of making decisions**

# LONG-TERM CARE PLANNING CHECKLIST

- Explore services and costs in your area
- Assess your finances
- Talk to your family about your plans
- Compare options with the help of a qualified financial professional
- Prepare health-care directives






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A wide-angle photograph of the U.S. Capitol building in Washington, D.C., taken at dusk. The building's iconic dome is illuminated from within, glowing with a warm yellow light. The sky is a mix of soft pinks, oranges, and blues. In the foreground, the paved plaza is visible, with two ornate, glowing street lamps on either side of the central path leading towards the building. The overall atmosphere is serene and majestic.

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