

Capstone Comments

A forum for communicating information about the management of assets



Is Long-Term Care a threat to my financial nest egg?

Long-term care (LTC) is the type of help an individual may need if they are unable to take care of themselves because of prolonged illness or disability. Service providers for long-term care include adult daycare, home health aides, assisted living facilities and nursing homes.

A conversation of long-term care always includes the cost of care and how one might pay for the cost of service; whether it is paid out of pocket or as a premium for LTC insurance. According to a study in the journal *Inquiry*, 70% of all Americans age 65 and older will likely need some form of long-term care. The Department of Health and Human Services National Clearinghouse for Long-Term Care Information states, "On average, people need care for three years, but 20% of today's older adults will need care for five years or more. Overall more than 40% will need care in a nursing home."

Long-term care expenses are one of the greater economic risks that retired Americans face. Genworth Financial has published the median cost of care for a semi-private room in a Montana nursing home facility is \$70,263 per year. Considering the economic risk of long-term care it is just as important to think of how one might afford this possible cost.

AARP sheds some light on the question of long-term care cost and if LTC insurance is right for an individual or a couple.

- Consider the family status and the effect on a spouse or dependent family member if a long-term stay is necessary. Single people who are not concerned about passing an inheritance have less need for LTC insurance.
- Affordability – Ideal candidates for LTC insurance can comfortably afford annual premiums and can handle premium increases. People with less than \$500,000 in assets excluding their home may not be able to afford LTC insurance.
- Singles with \$1 million in investments and married couples with \$1.5 million in investments may consider self-insuring.

The cost of long-term care is a risk to most retired people. It is difficult to predict who will need care over a long period of time. Now may be an opportune time to begin a conversation with your family to assess your long-term care concerns and needs. Of course also feel free to contact us should you have any additional long-term care questions.

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If you have questions that you think would be interesting for our readers, please call Kerrie at 406-325-1500 or email your questions to kkern@capstoneretire.com.