

5 MYTHS ABOUT LONG-TERM CARE

Planning for future long-term care—your own or for a loved one—should be part of every retirement plan. Why? Because for many people, it's not a matter of if long-term care will be needed, but *when*.

A good place to begin your planning is by taking a closer look at these five common myths about long-term care. Once you have the facts, you'll be better able to make the best decisions possible for you and your family.



1. LONG-TERM CARE IS ABOUT NURSING HOMES

Not necessarily. Long-term care is not a place, but a full-scale response to an event or condition. It includes the care you'd need if you were to become physically or cognitively incapacitated due to a degenerative disease or incident like Parkinson's, stroke, diabetes or Alzheimer's. This care may be provided in a care facility, such as a nursing home. But it also could be done in your own home by a caregiver.

2. IT WON'T HAPPEN TO ME

You may very well be right. But what if you're not? Rather than focusing on the probability of a life-changing event happening to you, consider the potential impact it would have on the emotional, physical and financial well-being of those who would be responsible for your care. Or the impact it would have on those you've promised to care for if such an event happened to them.

3. THE GOVERNMENT OR HEALTH INSURANCE WILL TAKE CARE OF ME

The truth is, neither likely will. Medicare—the federal health insurance program for people age 65 and older—covers some home health care services, but only if you are receiving skilled care—and typically, for a limited period of time. Unfortunately, most long-term care is not skilled care.

Medicaid is the joint federal–state program that many nursing home residents rely on to pay their long-term care expenses. Eligibility for Medicaid differs from state to state, but typically, you can have little in the way of assets and income to qualify for benefits.

Private health insurance doesn't cover long-term care expenses, either. And disability income insurance only replaces lost income when you become disabled while you are still working.

4. I'LL BE ABLE TO PAY FOR IT BY MYSELF

In the US, the average annual cost of care in a private room in a nursing home is \$92,378, or \$7,698 a month. For most people, paying that much out of pocket is not possible. In addition, using your retirement savings to pay for care reduces the amount of income those assets can generate. Also, you may be selling investments in a down market or end up with tax consequences. More important, paying out of pocket could leave less for your surviving spouse or for a legacy to your children, grandchildren, church or favorite charity.

5. MY FAMILY WILL TAKE CARE OF ME

Caregiving can take a tremendous toll on the caregiver; not only financially, but emotionally and physically too. In addition, time, distance and two working spouses make it difficult to provide all the care that's needed. More than half of employed caregivers experience at least one work-related strain, working different hours, fewer/more hours, or taking time off (whether paid or unpaid).

And many family caregivers also need to cut back on other spending. For example, one in six have reduced contributions to their retirement savings and roughly half have cut back on leisure spending.

CONSIDER LONG-TERM CARE INSURANCE

Long-term care insurance pays benefits when you need care—at home or in a facility—giving you the ability to preserve your financial independence and quality of life. It helps protect your retirement income to fund your lifestyle and allows your family to supervise rather than provide care.

It also helps preserve assets for a surviving spouse and the ability to leave a legacy.

The key is to buy long-term care insurance when it's typically less expensive; that is, when you're younger and in good health. Also, be sure to buy it from a reputable company that has a long history of strong, solid ratings.

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