

Should You Buy Long-Term Care Insurance?

Whenever financial planners model the sustainability of a person's retirement asserts, the Big Unknown is long-term care expenses. These costs are not covered under the Medicare policy—and they are not trivial. The median cost of a private room is now over \$9,500 a month, according to SeniorLiving.org. The median annual cost of a home health aide is over \$50,000 a year. The Senior Living website provides average costs in different states, and they vary considerably: more than \$33,000 a month in Alaska, just over \$6,000 a month in Louisiana.

The challenge is that most retirees won't be plagued by dementia or other handicaps, but an estimated 7 out of ten will spend some time in a facility, and there is no way of knowing which of us may be looking at half a million dollars or more of these unexpected expenses.

The government and state programs can cover some long-term care costs, but Medicaid coverage only becomes available when a retiree has largely exhausted his or her other financial resources, and anecdotal evidence suggests that the least attractive facilities are the ones that accept government payments.

Retirees can insure against any future long-term care costs with long-term care insurance, but it might pay to shop early. The average annual premium for a 55-year-old runs to roughly \$3,000; that goes up to more than \$50,000 for an 82-year-old. There's a calculator showing different premiums and total benefits available in different states at: <https://ltcr.com/calculator/>

Some people avoid paying long-term care premiums because the money they're paying for coverage will be lost if they're one of the lucky ones who never have to move into a nursing facility or pay for skilled in-home care. But those same people buy home and auto insurance policies that will cover catastrophic losses, and (thankfully) in nearly all years, the money spent on those premiums doesn't result in an insurance payout. Insurance is there for peace of mind. The real

question that people should be asking themselves is: does it make sense to protect against the biggest unknown expense in a retirement plan's later years?

Source:

<https://www.seniorliving.org/nursing-homes/costs/>

<https://www.marketwatch.com/guides/insurance-services/long-term-care-insurance-cost-everything-you-need-to-know/>

<https://ltcr.com/calculator/>

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