

# The Cost of Long Term Care

by Brad Winnekins, Founder of Legacy Services

## The Cost of Long Term Care

Long term care includes a variety of services to help people with activities of daily living like bathing, dressing, toileting, eating, transferring, and continence. Long term care also includes supervision for people with cognitive impairments.

If you have had a family member or friend who has needed long term care, then you know it is expensive. The 2020 Genworth and CareScout Cost of Care Survey provided average costs around the country:

Home Health Care	
Average annual cost today*	\$37,600
*assumes six hours a day, five days a week	
Assisted Living – Base Rate	
Average annual cost today	\$51,600
Nursing Home – Semiprivate Room	
Average annual cost today	\$93,100

To research costs for the area where you plan to retire, go to [www.legacyltci.com/learn-more/](http://www.legacyltci.com/learn-more/) and click on the tab *Cost of Care Map*. From there you can select a city, state, or zip code to see the average cost of care.

## The Odds of Needing Care

AARP did an in-depth study on the duration of LTC services. To read the full report, go to [www.aarp.org/ppi/](http://www.aarp.org/ppi/) and search on “long term support and services”.

Care Duration	
No care	48%
Less than 2 years	27%
2-5 years	12%
5 years or more	13%
<i>Source: AARP Public Policy Institute, August 2017</i>	

## How Will You Pay?

A key part of retirement planning is deciding how you will pay for these services if you need them. The three primary options are – government assistance, paying with your own money, or long term care insurance. Let’s take a quick look at each of these options.

**Government Assistance** - The most Medicare will pay for long term care is 100 days. So, this program is of limited help. Unfortunately, 56% of baby boomers incorrectly believe Medicare pays for long term care (Bankers Life Study, March 2019).

Medicaid will pay for long term care. However, Medicaid is a means-tested program that requires recipients to spend down their assets to low levels before they can qualify. In addition, Medicaid often does not pay for home health care or assisted living. Therefore, if you want to use Medicaid you may have to go into a nursing home. Finally, not all nursing homes accept Medicaid recipients.

**Self-Insuring** - Another option is to pay for long term care costs with your own money. If you have a large enough nest egg, then this is a viable option. How big of a nest egg do you need? Each person can have a different answer to this question. Financial planners typically recommend clients have a two million dollar net worth or more to completely self-insure.

**Long Term Care Insurance** - Long term care insurance will pay for care provided at home, in assisted living, nursing home, or hospice facilities. Services covered include help with activities of daily living, supervision for cognitive impairment, management of prescription medications, cleaning, laundering, food shopping, food preparation, adult day care, hospice care, and respite care. To learn about the cost of long term care insurance go to [www.legacyltci.com/sample-pricing/](http://www.legacyltci.com/sample-pricing/).

### What Is The Best Approach For You?

How will you pay for long term care services if you need them? Since everyone's situation is unique, we offer no obligation phone consultations to discuss which approach would work best for you. To learn more about this service go to [www.legacyltci.com/phone-consultation/](http://www.legacyltci.com/phone-consultation/).



**BRAD WINNEKINS** is the founder of Legacy Services. Legacy is an independent broker that has specialized in long term care insurance (LTCi) since 1999. They represent the top carriers for traditional and hybrid LTCi. Based in Wisconsin, Legacy manages worksite LTCi programs for large employers across the country.

Brad has conducted 800+ seminars and 10,000+ consultations. His insights on LTCi have been featured in Kiplinger's Personal Finance, Employee Benefit News, and the Wall Street Journal.

Brad can be reached at 800-230-3398 ext. 700, or [bradw@legacyltci.com](mailto:bradw@legacyltci.com).