



## CONTINUUM CONSULTING GROUP RETIREMENT SOLUTIONS

# Long-Term Care Planning: Start Early, Stay Protected



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Evan Lavoie is a CERTIFIED FINANCIAL PLANNERTM Professional with Continuum Consulting Group, a boutique financial planning and wealth management firm in Irvine, California. He specializes in retirement income planning and strategizes ways for retirees and near-retirees to use the assets they have saved for retirement to live comfortably. Long-term care planning is a key area within planning for an unexpected event that can derail a once solid retirement road map. Evan has seen it happen far too many times, not only with his own clients' families, but also with his own grandmother years ago. She experienced a long-term care event that placed her in a nursing home for almost four years. It was a huge financial and emotional burden on his mother to ensure that she received the care she needed. He made it a priority to educate and inform others so they can be prepared for the unexpected.

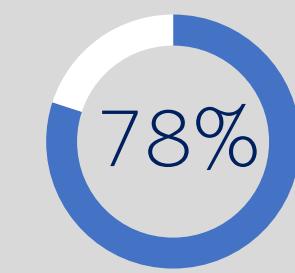
Unlike healthcare, long-term care is assistance with simple everyday tasks, like eating, bathing, dressing, using the bathroom, helping with incontinence and moving to or from a chair or bed.

The need for care could arise from an accident, illness, cognitive impairment, or just aging. Unfortunately, some Americans think traditional healthcare or Medicare pays for long-term care costs, but that's not the case. And with long-term care expenses on the rise, 98% of financial advisors believe it's important to consider long-term care expenses as part of your retirement plan.\*

Some of the most important conversations with your loved ones are not always the easiest, but they have meaningful outcomes. Long-term care is a topic many people want to avoid, but a long-term care event doesn't just happen to a person; it affects the whole family both emotionally and financially.

Having a long-term care conversation as a family can be a life-changing event. It's something that everyone should be doing as part of their retirement strategy because it can lead to a better future for you and the ones you love. Not to mention, those who need long-term care are rarely the person managing it, so being certain to plan for care can dramatically help your family when the time comes.

While there are many ways to cover future long-term care expenses, having a proactive conversation is the start to any planning, and this guide will help to educate you through the process.



While 70% of those surveyed say that the responsibility of caring for a parent would fall on them, **78%** believe that they would not be able to provide adequate care.\*

And the majority (**54%**) of those surveyed hope that they do not end up being the caregiver for their parents.\*

### A 2020 Study Conducted by Lincoln Financial Group\* Highlights The Concerns That Families Have About the Affordability and Impact of Long-Term Care Costs.

Believe They Would Run Out of Money

57%

Believe They Would Not Be Able to Afford Help

49%

Believe They Would be a Burden on Their Loved Ones

65%

Believe They Would Receive Low Quality Care

55%

# What Constitutes a Long-Term Care Contingency?

Simply put, if you lose the ability to independently perform at least two activities of daily living for at least 90 days – or require substantial supervision due to severe cognitive impairment – long-term care assistance may be needed. Unlike certain healthcare contingencies, many times long-term care issues are unavoidable and present themselves as life progresses.

## The 6 Activities of Daily Living

- Eating
- Bathing
- Transferring
- Toileting
- Dressing
- Continence

OR, Severe Cognitive Impairment

## Surprising Facts



Nearly 70% of retirees will need some type of long-term care in retirement<sup>1</sup>

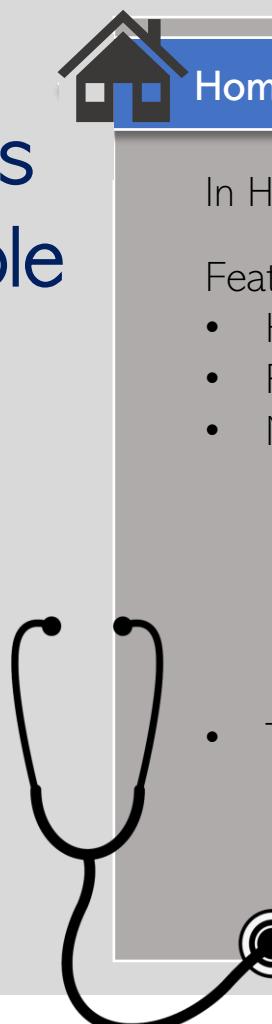
2-3  
Years



A report by the American Health Care Association and National Center for Assisted Living found that the average length of stay in an assisted living facility is about 28 months<sup>2</sup>

On average, women need about 1.5 years more of care than men do<sup>3</sup>

## Care Options Available to You



### Home Health Care

In Home Care

Features:

- Homemaker Services
- Personal Care
- Nursing Services
  - RN
  - LPN
  - Health Care Aide
  - Personal Care Aide
- Therapy Services
  - Speech
  - Respiratory
  - Physical



### Adult Day Care

Community Day Care Services

Features:

- Part-Time Care in a Group Setting
- Social Interaction



### Hospice Care

End of life Care for the Terminally Ill (6 months)

Features:

- Inpatient Facility Care
- In-Home Care



### Assisted Living Facility Adult Foster Home Residential Health Care

Apartment-Like Conditions

Features:

- Personal Care Assistance
- Non-Skilled Care Services



### Nursing Facility Nursing Home

Institutional Care Facility

Features:

- Skilled Care
- Intermediate Care
- Custodial Care

## The Costs May Surprise You<sup>4</sup>

\$30/hr.



The California average hourly rate for a home health aid in 2022

\$5,770/mo.



The California average monthly cost of a private one-bedroom unit in a assisted living facility.

\$135,415/yr.



The California average annual cost for a private room in a skilled nursing facility (\$371 daily rate).

1: <https://www.cnbc.com/2021/08/26/most-retirees-will-need-long-term-care-these-are-ways-to-pay-for-it-.html#:~:text=Nearly%2070%25%20of%20retirees%20will,of%20Health%20and%20Human%20Services.>

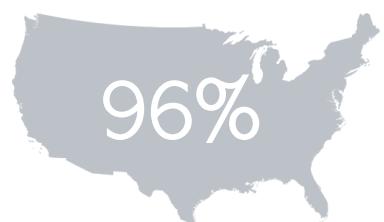
2: <https://www.buenavidaestates.org/what-long-term-care-costs-and-how-long-you-need-it/#:~:text=A%20report%20jointly%20prepared%20by,the%20median%20being%2022%20months.>

3: <https://acl.gov/ltc/basic-needs/how-much-care-will-you-need>

4: <https://whatcarecosts.com/Sponsor#/> - Access Code LTC

# Long-Term Care Misconceptions

Talking with your family today can help you feel confident about your future



of Americans surveyed believe long-term care planning is an important component of retirement planning.\*



However, few are addressing the need. Americans see age 50 as a good age to begin planning, but even among Boomers, only one in five has done so.\*



**MISCONCEPTION:** "It won't happen to me."

**REALITY:** People tend to unrealistically downplay their personal risk.

54% of those surveyed expect a parent to need long-term care.\*  
37% of those surveyed expect their spouse to need long-term care.\*  
32% of those surveyed expect themselves to need long-term care.\*



**MISCONCEPTION:** "That's what my savings are for."

**REALITY:** People underestimate the costs of long-term care.

An unplanned care event may drain savings two times faster than anticipated.\*



Most of those surveyed guess that a private room in a nursing home costs less than half the realistic estimate.\*



**MISCONCEPTION:** "Medicare or Medicaid has me covered."

**REALITY:** Medicare and Medicaid coverage is restricted.



Medicare will likely be insufficient and Medicaid does not account for your choices or preferences.

66% of those surveyed

who anticipate having to pay for long-term care assistance say they will rely on Medicare, health insurance, or Medicaid.\*



**MISCONCEPTION:** "My family will take care of me."

**REALITY:** Caregiving negatively impacts family dynamic and can reduce the quality of care.

94% of those surveyed believe a long-term care plan would make things easier on adult children.\*



More than 7 in 10 women surveyed

believe that if somebody in their family needed long-term care the responsibility of caregiving will fall on them.\*

## Thinking of Planning for Care? Review your Planning Options

 Minimal Medicaid & Medicare Coverage

 Family Coverage

 Self Insure & Cover Costs

 Traditional LTC Insurance

 Hybrid LTC insurance

Generally, there is not a one-size-fits-all solution. When it comes to planning for your care, **your individual situation** ultimately determines the most appropriate course of action to take. There are multiple options available to proactively plan for future long-term care expenses, both through insurance companies as well as self-insuring. In many cases, developing a strategy that utilizes multiple options can help provide security while lowering current and future costs associated with your long-term care plan. Understanding the specifics to these options is your first step to developing a plan.

*"Planning is bringing the future into the present so that you can do something about it now."*

- Alan Lakein -

# Choosing the Right Option

When considering and reviewing your options to cover long-term-care, how do you go about determining a strategy? Well first, you always want to be aware of all the options available to you. There are benefits and negatives to every option available to you and being aware of the specifics to them will help you make an informed decision on the right course of action for your plan.

If you decide to develop a plan to cover the cost associated with varied LTC expenses, that typically means you're going to self-insure, use an insurance company, or a combination of both.

If you self insure, you're planning to save and have enough cash available

to cover future long-term care expenses. Many times, this strategy is attractive to those who like to have control over their money; however, an issue that can arise is not having enough money for when the time comes.

Going the insurance route may be ideal for those who want to be certain they're covered in the event of an unforeseen long-term care contingency, as well as, to receive the tax-advantaged benefits of an insurance policy. The issue with insurance is how do you determine the right amount of coverage? Do you need to plan for the insurance to cover all the cost of care, or only a partial amount? Will you go with a policy that you pay into for life,

or a policy that you pay off after a certain number of years? These questions, and many more, are what you need to review and understand prior to making a decision.

This is the reason you want a skilled professional to assist you with your long-term care planning. It may sound difficult to plan for, but with the help of a trusted advisor it doesn't have to be.

Long-term care planning may be something that's easy to delay; however, the earlier you can begin the conversation, the better off you will be.

## Interested in Talking with a Professional?

Are you interested in talking with an advisor and learning more about the different strategies to cover long-term care contingencies? If so, reach out to Evan Lavoie at Continuum Consulting Group for a complimentary review of your situation:

Evan.Lavoie@lfg.com  
(949) 474-6898  
Continuum-CG.com



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In this concise, 30 minute event, we'll discuss:

- **Long-Term Care Contingencies:** How long-term care can affect your future retirement, your family and your loved ones.
- **Medicare and Medicaid:** How government programs play a role in covering the costs associated with long-term care.
- **Planning for Long-Term Care Costs:** The options you have and how to incorporate those options into your current financial planning.



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