

# Creating a foundational plan for extended care

Extended care is assistance to live as independently and safely as possible with one's day-to-day activities.

This care could be due to health, frailty or cognitive issues. It can be provided by informal and/or professional caregivers.

## Longevity

- An extended care event can be a physical or cognitive impairment that may occur as early as one's 50s or 60s, but more commonly impacts people as they get closer to their 80s and 90s.<sup>1</sup>
- Neglecting to plan for longevity (or the financial implications of aging) can create financial, emotional and physical hardship for family members.

## Thrivent point of view

- Thrivent believes no financial plan is complete without a written plan for extended care.
- We've found that our clients in their 40s start planning extended care, but this can start earlier.
- To fund the plan, long-term care insurance may be the most economically viable solution.

## Who

While you may suffer an extended care event, your family can expect to provide the care if you do not have a financial plan.

Addressing extended care within the financial plan can give family the opportunity to supervise the care rather than provide it directly.

## Where

Home is where most people would like to stay,<sup>1</sup> but if care becomes more chronic, then an assisted living facility or nursing home/memory care are options.

All these options require funding, even if you want to stay home and have family take care of you.

## How

Personal Assets and Income (self-funding)

Co-insure the risk (insurance + self-funding)

Funding your plan of care will most likely be a combination of your assets, income sources, insurance and family.

## What are the funding options for you when it comes to an extended care event?

### Government programs

Medicaid requires that you have a low income and assets, or that you spend down your countable assets (IRA/401k) to poverty levels of \$2,000 or \$3,000 in most states.<sup>2</sup>

Medicare only fully covers the first 20 days in a skilled nursing facility, and coinsures days 21-100.<sup>3</sup>

### Self funding

Do you have additional assets or income to pay for your care and still keep your goals and wishes for your spouse and family?

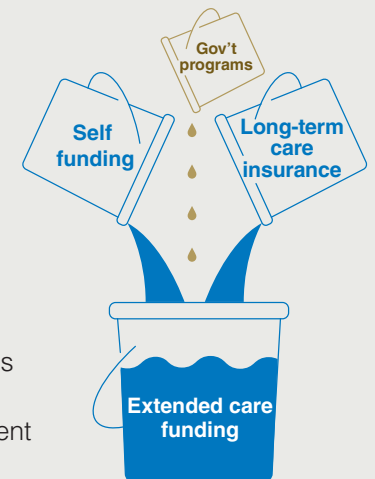
Are you aware that extended care could be an additional \$5,000 – \$6,000 a month?<sup>4</sup>

What income sources in addition to Social Security are available to pay for care?

### Long-term care insurance

Thrivent recommends creating a funding bucket that is a combination of long-term care (LTC) insurance (if you are insurable) and using your income sources and retirement assets.

This allows you to leverage these options to maximize the plan. Your retirement assets can now provide for your retirement and not be drained to pay for care.



<sup>1</sup>Long-term care insurance facts. AALTCi.org. 2022.

<sup>2</sup>Nursing Facilities. Medicaid.gov. June 2024.

<sup>3</sup>Skilled Nursing Facility (SNF) care. Medicare.gov. June 2024.

<sup>4</sup>Genworth Cost of Care Survey, December 2023.

**THRIVENT IS THE MARKETING NAME FOR THRIVENT FINANCIAL FOR LUTHERANS.**

## A foundational long-term care plan could make a difference

The cost for coverage can vary based on a number of factors—including your age, health, marital status, your budget and your willingness to coinsure.

A common approach to funding care is to look at coinsuring the costs. Think of a 70/30 co-pay, where the insurance company would pay 70% of the costs.

Since most people prefer to receive care at home,<sup>1</sup> let's start there. The current monthly average for home care is about \$6,300.<sup>2</sup> If insurance were to pay 70% of that cost, that would be around \$4,500 a month and you'd cover the balance. The average length of care needed for adults without dementia is about three years.<sup>3</sup>

At age 85, home care costs are estimated to be \$180,000 a year.<sup>2</sup> Typically, our clients want their benefit pool to grow to at around \$10,000 a month or \$120,000 a year by that time. We will try to design a long-term care plan to meet this level of benefit.

<sup>1</sup>Long-term care insurance facts. AALTCi.org. 2022.

<sup>2</sup>Genworth Cost of Care Survey, December 2023.

<sup>3</sup>U.S. Department of Health & Human Services, February 2020, hhs.gov.

This contract has exclusions, limitations and terms under which the benefits may be reduced, or the contract may be discontinued. For costs and complete details of coverage, contact your licensed insurance agent/producer.

These are sample premiums based on Thrivent's Long-Term Care Insurance product and assume a 55-year-old client, standard health, Minnesota rates and a 20% spousal discount. Your actual premium and benefits will be determined based on both the information you submit in your application and the completion of our underwriting process.

All applications are subject to the underwriting requirements of Thrivent. A medical exam may be required.

Premiums are not guaranteed to remain unchanged, except during the first five contract years. Any changes to premium rates will apply to all similar contracts issued in your state to contract owners in the same class on the same contract form. This means you cannot be singled out for an increase because of advancing age, changes in your health, claim status or any other reason solely related to you.

Thrivent Long-Term Care Insurance is guaranteed renewable for life. It will terminate if you die, you cancel the contract, the available benefit reaches zero, or you do not pay premiums as required. If a premium is not paid by the date it is due, the contract will remain in force during a grace period of 60 days. A notice will be given to you if a premium is not paid after 30 days. The contract will terminate 31 days after a notice is given if a premium is not paid. Notice will be deemed to have been given as of five days after the date we mail it.

This is a solicitation for insurance. A licensed insurance agent/producer may contact you.

Thrivent is not connected with or endorsed by the U.S. government or the federal Medicare program.

Thrivent Long-Term Care Insurance is intended to be federally tax-qualified long-term care insurance.

Thrivent is the marketing name for Thrivent Financial for Lutherans. Insurance products issued by Thrivent, Appleton, WI. Not available in all states. Licensed agent/producer of Thrivent. Thrivent.com/disclosures.

Thrivent provides advice and guidance through its Financial Planning Framework that generally includes a review and analysis of a client's financial situation. A client may choose to further their planning engagement with Thrivent through its Dedicated Planning Services (an investment advisory service) that results in written recommendations for a fee.



thrivent.com • 800-847-4836

ICC24 31494B N6-24

## Hypothetical long-term care insurance coverage example

Let's look at how affordable a 36-month benefit, paying 70% of costs might be. Since care costs go up over time and a client might not need care until his or her 80s, we'll look at addressing inflation.

	Male	Female
<b>Initial monthly benefit</b>	\$4,500	\$4,500
<b>Total initial benefit</b>	36 months \$162,000	36 months \$162,000
<b>Monthly premium</b>	\$139.32/mo	\$231.83/mo
<b>Inflation rider</b>	3% compound	3% compound
<b>Benefits at age 85</b>		
<b>Monthly benefit</b>	\$10,605	\$10,605
<b>Total benefit</b>	\$381,764	\$381,764

These are sample premiums based on Thrivent's Long-Term Care Insurance product (Contract form: ICC13 H-HX-LTC. Rider form: ICC13 HR-HT-CAIB3) and assume a 55-year-old client, standard health, Minnesota rates and a 20% spousal discount. Your actual premium and benefits will be determined based on both the information you submit in your application and the completion of our underwriting process.