

How to Protect Your Estate If Long-Term Care Becomes Necessary

Once you understand what long-term care (LTC) is and the real risks it can pose to your finances, goals, and family, you can begin to plan accordingly. Addressing the possibility of long-term care early puts you in a stronger position to manage its potential financial and personal impact.

What Are the Goals of LTC Planning?

An estate plan that properly integrates long-term care planning should focus on a few key priorities:

- **Protect a spouse's standard of living.** Long-term care for one partner should not put the other's financial stability at risk. Planning can help ensure that the healthy spouse still has enough income, housing stability, and access to savings, even if the other needs extended care.
- **Preserve legacy intentions for heirs.** Long-term care can quickly drain a family's savings, affecting not only the financial security of a healthy spouse but also the wealth you intend to pass down. Proactive planning helps ensure that your assets are protected and your legacy goals are met, regardless of future care expenses.
- **Maintain care choices and independence.** While most older adults prefer to stay in their own homes as they age, many worry that they will not have the means to do so. Proactive planning provides the financial flexibility you need to choose both the type of care you receive and where you receive it, empowering you to maintain your lifestyle and independence.
- **Align LTC planning with retirement and investments.** The high cost of long-term care can significantly impact your retirement savings and overall investment strategy. Planning ahead ensures that your financial, investment, and estate plans work in harmony to cover future care expenses without sacrificing your primary retirement goals.
- **Minimize reliance on family.** Soaring care costs and the lack of a coherent, nationwide long-term care support system mean that family members must often pick up the caregiving slack.¹ LTC planning can lessen the physical, emotional, and financial burden on family caregivers.

What Strategies Can Protect Your Estate?

Long-term care planning strategies are designed to address the financial impact of in-home care, assisted living, and nursing home costs on families and their hard-earned savings. While these strategies may overlap your will or trust to some degree, these goals are often established through separate tools.

¹ Kim Parker, *Family Caregiving in an Aging America*, Pew Rsch. Ctr. (Feb. 26, 2026), <https://www.pewresearch.org/social-trends/2026/02/26/family-caregiving-in-an-aging-america>.

No single approach can fully protect against all risks, but implementing a combination of several tools can often better safeguard your assets and reduce the financial burden on your loved ones.

Using Insurance Policies to Lower Financial Risk

Traditional long-term care insurance (LTCI) and hybrid life/LTC products are designed to help cover the costs of long-term care in exchange for premiums paid in advance. These policies transfer some or all of the financial risk from your personal savings to an insurance policy, helping to protect both you and your family. LTCI can help achieve the following goals:

- Protect retirement savings and investment accounts from being spent on care
- Provide coverage that may exceed the total premiums you have paid
- Offer more predictable funding for extended care needs

Insurance is not a universal solution. Each policy has its own requirements, costs, and structure, and long-term affordability must be carefully evaluated. For those who qualify and are able to afford it, LTCI can be an effective way to protect and preserve assets.

Structure Assets for Flexibility and Liquidity

Even if you have LTCI or anticipate qualifying for needs-based public programs such as Medicaid, you may still face initial out-of-pocket expenses. LTCI policies frequently have elimination or waiting periods, and Medicaid typically requires spending down specific assets and waiting for administrative approval before coverage begins.

Preparing for private-pay expenses means ensuring that your assets are accessible and flexible. Implementing the following strategies can help:

- **Keep funds easily accessible.** Cash savings and brokerage accounts can be quickly deployed for care expenses, whereas assets such as real estate or a family business take time to access.
- **Structure your account ownership.** Whether accounts are held individually or jointly with a spouse dictates who has the legal authority to access funds when care is needed.
- **Review beneficiary designations.** Retirement accounts and life insurance policies typically pass directly to heirs. Without careful planning, these funds may not be available to pay for your care.
- **Consider ownership structures.** Assets held in trusts or co-owned with family members often require coordination and legal review before they can be used for care expenses.

Public Benefits Planning

Medicaid is the primary public benefits program that helps cover long-term care costs, but qualifying requires meeting strict asset limits. Individuals must typically spend down specific assets before becoming eligible. It is highly recommended that clients consult a qualified attorney for strategic advice on navigating these rules and preserving as much wealth as legally possible.

Planning ahead, which can help preserve as much of your private savings as possible while still qualifying for publicly funded care, typically involves the following steps:

- **Understanding eligibility rules.** Familiarizing yourself with Medicaid's strict asset limits and the look-back rules regarding prior transfers of property or money
- **Organizing your assets.** Structuring your savings and property to comply with Medicaid regulations while legally protecting as much wealth as possible
- **Protecting your spouse.** Ensuring that the healthy spouse retains sufficient resources to maintain their standard of living while their partner receives care

Public benefits planning works best when done well before care is needed rather than waiting until a health event makes it urgent.

Align Long-Term Care Planning with Your Estate Plan

Certain strategies involve transferring assets into specially structured trusts years before care is actually needed. When designed correctly, these trusts can help prevent your savings from being depleted to qualify for Medicaid while still ensuring that funds are available for your care if necessary.

Implementing this strategy typically requires the following considerations:

- **Utilizing protective trusts.** Placing specific savings or property into a trust to shield them from future care-related expenses
- **Planning for Medicaid eligibility.** Carefully designing the trust to comply with Medicaid's strict timing rules and eligibility requirements
- **Coordinating family access.** Ensuring that trusted family members or designated agents can legally access trust funds to pay for your care when the time comes

Timing is critical. Putting asset protection strategies in place well before care is needed provides the greatest flexibility and protection. If the need for care arises before a plan is in place, there may still be certain strategies available to assist with public benefits eligibility, but your options become more limited.

Coordinate Family and Informal Care Planning

Long-term care often becomes a family affair, whether due to managing care at home, coordinating with professionals, or navigating public benefits such as Medicaid.² Even if care is fully private, long-term care affects more than just the person receiving it; it can impact finances, time, and family dynamics. Your family can prepare in the following ways:

- **Confirm decision-making authority.** Ensure that all family members know exactly who is designated to make medical and financial decisions if you become incapacitated. This step must be supported by executing updated medical and financial powers of attorney.

² *Common Caregiving Problems*, Am. Psych. Ass'n (June 2020), <https://www.apa.org/pi/about/publications/caregivers/practice-settings/common-problems>.

- **Define caregiving roles.** Clearly establish who will provide hands-on, day-to-day support versus who will handle administrative tasks such as coordinating services.
- **Communicate expectations.** Openly discuss your care preferences and funding strategies so everyone understands the overarching plan and their potential responsibilities.

Even the best financial and care strategies can falter if families are not on the same page. Proactive planning and coordination reduces uncertainty, minimizes conflict, and helps ensure that long-term plans work smoothly if and when care becomes necessary.

Long-term care planning is not about expecting the worst. It is about preserving your choices and protecting the people you care about if life takes an unexpected turn.