

What are the Odds? Planning for Long Term Care

Presented by ProFeds

What are the Odds? Planning for LTC

Welcome

- About today's topic
- Our audience today
- Q&A – the ProFeds Support Team standing by
- Handouts – available for download
- Recorded – how to get the replay
- Stay until the end!

What are the Odds? Planning for LTC

Your ProFeds Presenter



Chris Kowalik

- ProFeds Founder
- Developer of the FedImpact Retirement Workshop
- Host of the FedImpact Podcast

Support Team

- Standing by for your questions



FedImpact
Retirement Training
presented by ProFeds

What are the Odds? Planning for LTC

What are the Odds? Planning for LTC

Exploring your options to weather the financial storm of needing extra care as you age – even in the absence of a government solution

Agenda

- **STATS:** The odds that you will need some kind of long-term care
- **TRIGGERS:** The kind of care you may need to help with activities of daily living
- **TYPES OF CARE:** Various ways that care is available when needed
- **CONSEQUENCES:** Effect of not having a long-term care strategy
- **SOLUTIONS:** Options available to protect your finances if you need care

What this webinar will NOT cover

The Big Questions

- What is it?
- Will I need it?
- How much will it cost?
- How can I get help paying for it?
- What if I don't need it?

THE BASICS: What is “Long Term Care”

- Long term care is the kind of care that a person would need if they have an ongoing illness or disability that prevents them from taking basic care of themselves (feeding, bathing, etc.)
- Long term care is not the type of care received in a hospital, and is not care intended to cure you. It is most typically care that a person may need for the rest of their life

STATS: What are the Odds?

- People are living longer
- The longer we live, the more likely we will need care
- Nearly 70%¹ of those turning age 65 will need some form of LTC during their lives and 20% will need it for longer than 5 years
- The cost of long term care is expensive and can derail retirement planning

1. U.S. Dept. of Health and Human Services. "Welcome to LongTermCare.gov," <https://acl.gov/ltc>

TYPES OF CARE: Where Does LTC Take Place?

- At home
- Assisted living facilities
- Nursing homes
- Hospice facilities
- Alternative care settings:
 - Adult day care centers
 - Continuing care retirement communities (CCRCs)

ALTERNATIVE: Family Caregiving

- The majority of care that is provided at home (about 80%) is provided by unpaid caregivers²
- The average length of this care is 4.3 years³
- As caregiving duties increase, many caregivers experience shortfalls in earning potential, pension benefits, and Social Security over a lifetime

2. U.S. Department of Health and Human Services, National Clearinghouse for Long-Term Care Information, www.longtermcare.gov/LTC/main_Site/index.aspx

3. National Alliance for Caregiving, Bethesda, MD and AARP, Washington, DC: Caregiving in the U.S., <http://www.caregiving.org/data/04finalreport.pdf>

TRIGGERS: When You Need "Long Term Care"

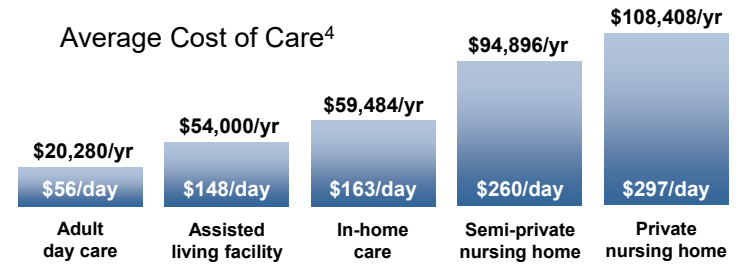
- Non-skilled care ("custodial" or "informal" care)
- Help with activities of daily living (ADLs)
 - Bathing
 - Dressing
 - Eating
 - Transferring
 - Continence
 - Toileting
- Supervision due to cognitive impairment such as Alzheimer's disease

COSTS: How to Pay for Long Term Care Services

- Pay out-of-pocket
- Rely on government assistance
- Purchase your own protection in advance

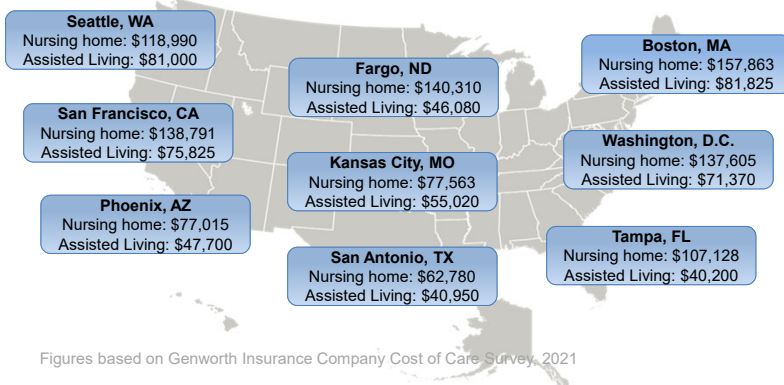
Pay Out-of-Pocket

Average Cost of Care⁴



4. Genworth Insurance Company, Cost of Care Survey, 2021

Annual Costs in Sample Cities



Various Government Programs

- FEHB does NOT provide LTC services
- TRICARE does NOT provide LTC services
- The VA may provide LTC based on service-connected disability or for war-time veterans
- Medicaid intended for those below the poverty line
- Medicare only provides short-term rehabilitation

CONSEQUENCE: The Cost of Taking No Action

- Most people take no action to protect themselves against long term care risks for three reasons:
 - They think they will not need this type of care
 - They think the insurance is too expensive
 - They are afraid of paying a lot of money for a product and never using it
- There are many creative solutions out there that can give you the control you may be looking for (but taking no action can't be the answer!)

CONSEQUENCES: When You Don't Have a Plan

- Without a strategy in place, you're left to:
 - Rely on someone to take care of you for "free"
 - Pay out of pocket (you're on your own)
 - May cause you to sell off assets (like rental property, your primary home, etc.) at undesirable times
 - May cause you to divert assets intended for a spouse to care for themselves long into retirement
 - May cause you to not be able to live a legacy to children and grandchildren

Purchasing Your Own Protection in Advance

- Employer-sponsored option
 - The Federal Long Term Care Insurance Program used exclusively for LTC purposes
 - This program is currently suspended by OPM until December 2024 (not taking new applications)
- Private-sector options
 - A traditional (standalone) LTC policy used exclusively for LTC purposes
 - A life insurance policy or annuity product with special access to funds for LTC purposes

| Solutions | How They Work | PROS | CONS |
|-----------------|--|---|---|
| Traditional LTC | You buy a policy that pays up to a certain amount per day if you need care | • A significant amount of coverage can be purchased | • You must be healthy enough to qualify • Often very costly • Use it or lose it |
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| Life insurance with "living benefits" | If you need LTC, part of the death benefit is advanced to you (varies by policy) | <ul style="list-style-type: none"> Often included in permanent life insurance policies at no extra cost Someone gets the \$ | <ul style="list-style-type: none"> You must be healthy enough to qualify May not cover all costs |
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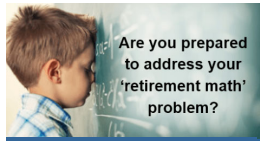
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| Annuity product with an LTC feature | If you need LTC, the monthly amount you receive gets a boost (varies by product) | <ul style="list-style-type: none"> Often included in annuity products at a small cost Available in your lifetime No health questions | <ul style="list-style-type: none"> May not cover all costs |

What are the Odds? Planning for LTC

WRAP-UP & NEXT STEPS

- What are the Odds? Planning for LTC
- Wrap-Up**
- Creating a Long Term Care strategy is essential to protecting the other parts of your financial plan
 - Without a strategy in place, an otherwise strong financial plan is at risk of being dismantled
 - There are several private sector options available that are worth considering

How does this fit into the bigger picture?



DOUBLE-CHECK YOUR NUMBERS TO MAKE SURE YOUR RETIREMENT MATH IS ON TRACK

FedImpact Retirement Training
GSA Schedule

- Attend a workshop:
 - In-person training
 - No cost to attend
 - Covers all of the federal benefit topics and decisions to be made
 - One-on-one help available
- See all the details at FedImpact.com/Attend

Handouts & Replay



- Handouts
 - Download
 - Emailed
- Replay
 - Link will be emailed to all registered participants

Next Webinar



- Next webinar topic!
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