



**What are the Odds?
Planning for Long Term Care**



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



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- » Developer of the FedImpact Retirement Workshop
- » Host of the FedImpact Podcast



Support Team

- » Standing by for your questions

What are the Odds? Planning for LTC

**What are the Odds?
Planning for Long Term Care**

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

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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>

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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)

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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>.

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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

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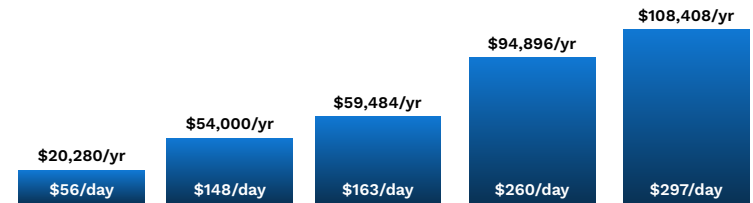
COSTS: How to Pay for Long Term Care Services

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

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Pay Out-of-Pocket

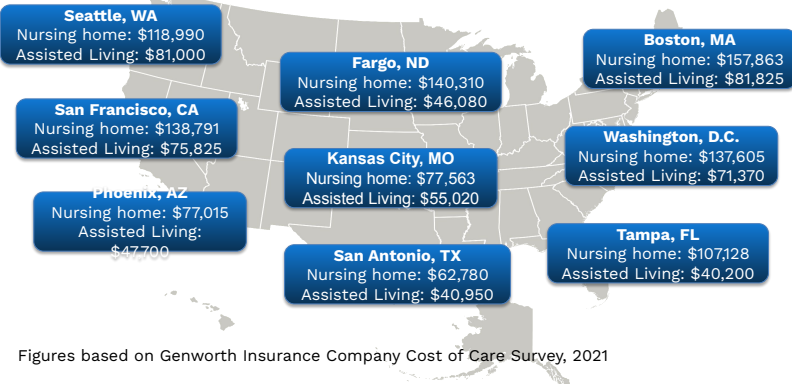
Average Cost of Care⁴



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

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Annual Costs in Sample Cities



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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

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CONSEQUENCES: 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!)

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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

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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

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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
Life Insurance with "living benefits"	If you need LTC, part of the death benefit is advanced to you (varies by policy)	» Often included in permanent life insurance policies at no extra cost » Someone gets the \$	» You must be healthy enough to qualify » May not cover all costs
Annuity Product with an LTC feature	If you need LTC, the monthly amount you receive gets a boost (varies by product)	» Often included in annuity products at a small cost » Available in your lifetime » No health questions	» May not cover all costs

WRAP-UP & NEXT STEPS

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?

Are you prepared to address your 'retirement math' problem?

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

"The workshop you delivered yesterday was phenomenal. I enjoyed the presentation as well as the class participation and interaction."
U.S. Office of Personnel Management

"The most information I have ever received and heard in my ENTIRE military and Federal career."
L.B., Department of Defense

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Contract # GSA/47-0000000000000000

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- » Handouts
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 - Emailed
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