

# What Should You Know About Long-Term Care?

We all hope to remain healthy and independent throughout our lives — but life can be unpredictable. If you were ever to need some type of long-term care, would you be financially prepared?

Long-term care encompasses everything from the services of a home health aide to a stay in an assisted living facility to a long residence in a nursing home. You may never need any of these kinds of care, but the odds aren't necessarily in your favor: Someone turning age 65 today has almost a 70% chance of needing some type of long-term care services and support in their remaining years, according to the U.S. Department of Health and Human Services.

And all types of long-term care are expensive. The median annual cost for a home health aide's services is more than \$60,000 per year, and it's more than \$100,000 per year for a private room in a nursing home, according to Genworth, an insurance company. Furthermore, contrary to many people's expectations, Medicare usually pays very few of these costs.

Of course, some people expect their family will be able to take care of their long-term care needs. But this may not be a viable strategy. For one thing, your family members simply may not have the skills needed to give you the type of care you may require. Also, by the time you might need help, your grown children or other family members might not even live in your area.

So, you may need to protect yourself from the potentially huge costs of long-term care. Basically, you've got two main solutions: You could self-insure, or you could purchase some type of long-term care insurance.

If you have considerable financial resources, you might find self-insuring to be attractive. You won't have to pay any

premiums and as long as you keep the money in a savings or investment account that's earmarked exclusively for long-term care, you won't have to raid your other retirement accounts. But there are two drawbacks to self-insuring. First, because long-term care is so costly, you might need to put away a very large sum. And second, it will be quite hard to predict exactly how much money you'll need, because so many variables are involved — your age when you start needing care, the type of care you'll require, the cost of care in your area, the length of time you'll need care, and so on.

As an alternative to self-insuring, you could purchase long-term care insurance, which provides benefits for home health care, adult day care and assisted living and nursing home facilities. This type of coverage can provide you with some peace of mind, but you'll also need to consider the issues attached to long-term care insurance. For one thing, it can be expensive, though the younger you are when you buy your policy, the more affordable it may be. Also, long-term care policies typically require you to wait a certain amount of time before benefits are paid. But policies vary greatly in what they offer, so, if you are thinking of buying this insurance, you'll want to shop around and compare benefits and costs.

In any case, by being aware of the potential need for long-term care, its costs and the ways of paying for it, you'll be able to make the decisions appropriate for your own life.

*This article was written by Edward Jones for use by your local Edward Jones Financial Advisor.*

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