



**MCPerson
Financial
Group**

4 MISCONCEPTIONS ABOUT LONG-TERM CARE

As medical care costs continue to increase for retirees, the cost of long-term care could jeopardize the assets you have worked so hard to protect.

Let's talk about some key misconceptions about long-term care. These could be keeping you from planning for this risk and preventing you from using solutions like asset-based, long-term care products.

1. I won't need it.

Many folks age 65 and older don't think they'll need long-term care coverage. Or, they think they'll have enough set aside to handle any costs.

The U.S. Department of Health and Human Services claims that almost 70% of people turning 65 will need long-term care at some point in their lives.¹ In the year 2016 alone, an NAIC study estimated that 12 million people had some level of long-term care need in the United States.²

Are you comfortable with those odds? Would you run the risk of a 70% chance of needing care, or would you rather prepare and plan for that risk?

2. Medicare will cover my long-term care expenses.

The amount of long-term care Medicare may provide you is limited in both benefit and the time it's available.

Generally, Medicare may cover 100% of your the first 20 days in a long-term care facility. For days 21-100, Medicare may cover a portion of the expenses, leaving you with a co-pay that could impact your retirement savings.

After day 100 in a facility, Medicare stops, and you assumes all expenses. You'll have to cover the full cost of any care from this point on.

Imagine having to pay out about \$7K every month from your retirement assets to cover a semi-private room in a facility or paying \$4K every month for a home health aide. These were averages in 2017, and medical care costs have continued to rise since then.³

Could you sustain that type of payment for 5-6 years? Would you want to?

3. My family will help if anything happens to me.

A 2015 study from the AARP Public Policy Institute reported that some 43.5 million Americans served as family caregivers that year alone.⁴ Most of these caregivers are spouses or children. Beyond the stress and emotional strain that caring for a loved one produces, it could also affect the ability of the caregivers to prepare for their own retirement.

In a 2011 study, MetLife found that caregivers of parents (predominantly baby boomers) had lost nearly \$3 trillion in wages and retirement benefits in their lifetimes.⁵ This is due to them taking time off work, decreasing their wages and future Social Security benefits.

Are you comfortable with the idea of your family caring for you? Are you aware that the help your family gives could not just cost them time but also their retirement accounts?

As a parent, you never want to go to your children with your hat in hand. That's why we work to protect assets to help generate retirement income. And it's the same reason we want to help protect against the long-term care risk that could jeopardize your retirement accounts.

4. If I don't use the LTC benefit, I lose the money I paid into my policy.

Many baby boomers think of outdated long-term care policies when they hear about long-term care insurance.

The fact is, some products offer full return of premium, a tax-free death benefit, and a tax-free long-term care bucket that's accessible when they need it.

For example, let's take a 65-year-old man with an FIA that gives him an annual income of \$10,000. He isn't using the full amount for living expenses but has no long-term care protection.

By using an asset-based long-term care product, he can pay \$10,000 per year for 10 years. He gets a total guaranteed long-term care benefit of \$322,575 that he can access over a six-year period. That's \$4,480 per month to help with qualified care, including home health care.

He finishes paying for 10 years, and at the end of year 11, he has full return of premium. He can walk away with his money at any time, guaranteed.

¹ <https://longtermcare.acl.gov/the-basics/how-much-care-will-you-need.html>

² https://www.naic.org/documents/cipr_current_study_160519_ltc_insurance.pdf

³ <https://www.genworth.com/aging-and-you/finances/cost-of-care.html>

⁴ <https://www.aarp.org/content/dam/aarp/ppi/2015/caregiving-in-the-united-states-2015-report-revised.pdf>

⁵ <https://www.caregiving.org/wp-content/uploads/2011/06/mmi-caregiving-costs-working-caregivers.pdf>

Insurance policy guarantees, including optional riders, are subject to the financial strength and claims-paying ability of the issuing insurance company. Please keep in mind that the primary reason to purchase a life insurance product is the death benefit. Life insurance products contain fees, such as mortality and expense charges, and may contain restrictions, such as surrender periods.

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