

1.

What is Long-Term Care?

When a person requires someone else to help with his or her physical or emotional needs over an extended period of time, this is long-term care. This help may be required for many of the activities or needs that healthy, active people take for granted and may include such things as: walking, bathing, dressing, feeding, hygiene, medical needs, and other acts of daily living.

2.

Who may need it?

Experts estimate that 60% of the population will need some form of care for either temporary or permanent time frame. This could be temporary, like rehab from an illness or injury. It could be permanent, like a chronic illness, dementia, or a permanent disability. The estimate is about a 20% chance of needing some form of long term care.

3.

How much can it cost?

According to the 2007 Metlife survey, The average long term care costs were:

- \$213 a day, or \$77,745 a year for a private room;
- \$189 a day, or \$68,985 a year for a semiprivate room.
- Home care was \$17-19 an hour.
- These are national averages, and vary by region.

- Nursing home prices went up about 6% between 2005 and 2007.

4.

How do you pay for it?

First approach: self-insure. Have enough money saved up to pay for the Long Term Care. You'll need a lot. An average stay in a nursing home is 2.4 years. Average home care is 3-5 years, and you may have two people.

- **Insure it:** buy long term care insurance. Expensive, and you may not use it.
- **Ignore it:** run without insurance or money and use up your asset then qualify for Medicaid.

5.

Tools

Long Term Care Insurance. Use the AARP shopping guide for good information on Long Term Care insurance.

- **Reverse Mortgages:** You use your house to provide monthly income.
- **Life Settlements:** You sell your life insurance policy for cash.
- **Elder Care Specialists:** de-assetizing strategies for Medicaid qualification. As of 2006, this must be done 5 years prior to applying for Medicaid.

6.

Make sure the estate plan is in order

For the person potentially going under care, be sure to have:

- Durable Power of Attorney
- Medical Power of Attorney
- Will
- Trust, if applicable
- All Beneficiary Designations
- List of Assets and Liabilities