

Long-term care is a reality for most. Here's how you can be ready.

Seventy percent of people turning age 65 will need some type of severe long-term services and support in their lifetime. The goal is to be prepared so, if you turn out to be one of them, it doesn't derail your overall financial plan.

Putting a contingency plan in place to address long-term care needs may seem overly pessimistic. But the facts are hard to escape. According to [a recent government report](#), nearly three quarters of people who reach age 65 will need some type of severe long-term service and support in their lifetime. Many of us expect to stay healthy and self-sufficient well into our senior years, but planning for the possibility is not only prudent, it can help protect your assets, investments and resources from what can become significant expenses later in life. And for people who have a family history of Alzheimer's or dementia, those concerns are magnified.

Although the annual median cost of long-term care in Illinois in the table below may not be seem daunting for affluent families, four and five star facilities in your locale can easily double or triple in price.

Average cost of long-term care in Illinois (2024)

Type of service	Annual median cost
Home health aide	\$70,004
Assisted living facility	\$58,843
Nursing care facility private room	\$93,828

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

Fortunately, figuring out how to finance a potential long-term care situation is relatively straightforward. The key to doing so successfully, as it is for most potentially hefty future expenditures, is planning well and starting early.

Fitting potential long-term care into your financial plan

Fully incorporating potential long-term care costs into your overall financial plan involves a number a variables that we don't have room to cover here, but your Mesirov Wealth Advisor can talk through these variables with you. The most important decision in your planning will be how you want to handle the responsibility of long-term care expenses:

- Assume the risk of financing long-term care costs yourself, or
- Shift financing to an insurance provider.

Choosing the first option means calculating how much you will need to set aside to handle long-term care expenses should they become a reality. Choosing the second means finding a provider and funding the necessary premiums.

Insurance options

Long-term care insurance ("LTC") provides financial support for an insured who is unable to perform at least two of six "activities of daily living" (such as bathing, dressing, eating, transferring, toileting or continence) or has a cognitive impairment that requires supervision.

Today, more than 40 carriers sell some type of LTC insurance product or rider, so there is no shortage of choice. You'll find long-term care insurance policies include traditional stand-alone policies and hybrid policies (which combine life insurance with long-term care benefits). A stand-alone policy generally requires quarterly or annual premiums. With a hybrid policy, you pay a single lump sum (\$100k for example) into a LTC policy. Should you need to draw on it, you'll receive a modest interest rate income. If you end up going through the entire \$100k, the insurer will provide another \$100k.

LTC policies are generally priced according to age, gender, health status and level of coverage. Each policy will have its own unique features and benefits. Make sure to always look for a policy that covers "at home health care" as well as care within a facility in order to provide you with the most flexibility. And while long-term care insurance policies can be costly, insurers offer multiple levels of coverage to fit a variety of budgets.

Sticking the landing is the hardest part

The question after you've talked through several major financial options is always "will I follow through on the arrived at decisions?" But given the likelihood that you may need long-term care, and its potentially devastating effect on your overall finances – and potentially your family's finances - it's important to have a plan in place. Your Mesirow Wealth Advisor can help you plan for a healthy and happy financial future, and keep you on track to protecting the legacy you have built.

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1 <https://aspe.hhs.gov/reports/what-lifetime-risk-needing-receiving-long-term-services-supports-0>

2 <https://insurancenewsnet.com/inarticle/analysts-ltc-hybrid-policies-will-keep-driving-life-insurance-sales>

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