



LTC Planning Essentials *Guide*

What is Long Term Care?

Long Term Care is the type of care you receive for an extended period of time, more than 90-days, when recovering from an accident, injury, or illness. It is not uncommon for care to be needed for a period of years when treating chronic conditions. This can have serious consequences for the individual, their family, and their finances.



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Long Term Care Planning

Understanding the Consequences

The first step in Long Term Care (LTC) Planning is to understand the consequences of needing care.

For example:

- What would happen to myself, my spouse, children, family and others who form the basis of my support system should I or my spouse need care?
- What would happen to the finances that support my lifestyle and the commitments I've made should I or my spouse need care?

No one expects to need care but if the consequences are unacceptable it is reasonable to put together a plan that could help mitigate them.

Creating a Long Term Care Plan

When creating a plan it is important to think about a variety of things such as where you'd prefer care and who would provide it. The answers will help provide the boundaries of what is acceptable and not acceptable in a plan. Here are a few questions to help you get started:

Would you prefer to stay at home?

Is your spouse able to provide care for extended periods of time without compromising their own wellbeing?

Are your children able to leave their commitments to provide care?

Would you prefer a nurse or health aide to provide care, perhaps with your spouse or children supervising the care as opposed to providing it?

Funding a Long Term Care Plan

- 1 Self-funded:** When someone fails to create a LTC Plan they are by default choosing to self-fund 100% of the cost. This could also be viewed as paying out-of-pocket for care and requires that all available resources be used for care. This option does not mitigate any of the consequences of needing care. Even for the very affluent this may have a devastating impact on their family, lifestyle, and commitments in retirement.
- 2 Medicare:** First created in the 1960s, Medicare has been altered and expanded numerous times. Contrary to popular belief, Medicare does not pay for Long Term Care. It is not a source for funding a plan.
- 3 Medicaid:** Medicaid is a joint federal/state welfare program for the indigent. Unlike Medicare, it does pay for Long Term Care. Qualifying for Medicaid requires a spending down of assets to a poverty level. This is a viable option for those with limited resources or individuals currently needing care who failed to plan earlier. Medicaid by itself is typically viewed as undesirable by the affluent as it fails to mitigate the financial consequences of needing care and often limits options for receiving care.

- 4 Long Term Care Insurance (LTCi):** For those able to qualify based on their age and health, a LTCi policy can help fund care in a variety of settings such as in your home. The majority of states have also created "Partnership Plans" which pair a policy with enhanced Medicaid benefits such as a reduction in the amount needed to spend down to qualify for Medicaid. LTCi has become a popular option for funding a Long Term Care Plan as it can mitigate most of the risks associated with needing care.

Next Steps:

Now that you have an understanding of the basics of Long Term Care planning it makes sense to begin the process of creating a plan. Consider what is most important to you and begin to evaluate the alternatives for funding a plan. There are a number of licensed professionals who can help with this process should you need assistance. Once you have a plan in place, be sure to review it every three years or sooner should you have a major life event.

