

Defining your Objectives for Long-Term Care

Part 1 in Our Series on the Importance of Planning for Long-Term Care

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Americans are living longer and healthier lives than at any other time in history. Average life expectancy in the US is 78.7 years and continues to rise. For those without chronic illness, it is realistic to plan to live well into the 90's.

Longer lifespans come with a higher likelihood that aging adults will eventually need some sort of help with the daily functions of living. In fact, 7 out of 10 will need help in some form¹ – either from a family member or a paid caregiver – and 9 out of 10 who receive that care will not fully recover their independence². The lifetime probability of needing care in at least two functions of daily life or of being cognitively impaired is 68%³. Three-quarters of care will take place in private homes⁴, often by other family members, over 75% of whom are female and 40% of whom will predecease the person they care for⁵.

Everyone's circumstances are different, but the common denominator is a high likelihood that some sort of care will be needed. How can you plan for this likely event? Care needs can develop over multiple years. Postponing care decisions, while common, is itself problematic. Trying to address these issues after one is already beginning to experience physical or mental compromise is difficult. Waiting lists on quality care facilities are common. For many reasons, crafting a plan well before you need it is a must.

Creating a long-term care plan is a two-part process. The first part entails understanding and defining how you would like to see care provided. Once you have a vision for your own long-term care, the second part is to formulate the financial plan to pay for it.

This two-part series is designed to address both parts of a long-term care plan. In the first part, we will provide a roadmap to define your own desires and goals for long term care. Then in Part Two, we will explore the financial variables: estimating costs and payment methods for long-term care, including a look at long-term care insurance as well as other alternatives. We will also discuss the pros and cons of these various options.

When to Start Planning

We often start talking with clients about long-term care planning once they reach their mid to late 50's. This can be a time when some begin caring for their own parents, when they've finished raising kids and paying for college, and when they begin to think about their own twilight years.

Like many significant events in our lives, long-term care can play out over multiple years and can involve a significant financial commitment. Anticipating and specifically identifying the financial components can help you have a realistic view of what you can or cannot afford. Knowing the potential costs of your desired long-term care goals can help you allocate sufficient funds or fund the appropriate insurance over multiple years. Many find peace of mind by simply knowing they have a plan and will have the means to pay for their own long-term care.

THE TRUE IMPACT OF LONG-TERM CARE

- *"My husband had to take time off from his job to help me, more than we expected. And he was frustrated that I had so much pain and felt like he wasn't helping enough. I hated asking from so much assistance"*
- *"It's just hard between us. My wife still has to work to keep up the insurance. She also became my chauffeur and needed to help me shower and dress. We thought this time of our lives would be different"*
- *"We expected things to change... But the reality of caring for someone is nothing like I imagined"*
- *"In theory, I believed I could take care of my Mom, keep up with her home, and take care of my family, my kids and myself. In reality, I am constantly torn, feeling guilty that I'm not doing enough for anyone"*

Source: Genworth

What to Consider When Planning

Start by identifying personal desires about how you would like to be cared for at a time when you can no longer live independently. While a sudden health event or accident may require a need for around-the-clock care, care needs can also evolve over time. For example, you may find it harder to complete physical tasks like home repairs or yard maintenance. Cognitive decline can happen over many years starting with forgetfulness or difficulty completing complex tasks. It may be necessary to enlist someone's help to make sure all the bills get paid and things aren't falling through the cracks. As care needs increase, your long-term care plan should address these bigger questions:

Where do you expect to live?

A large majority prefer to stay in their own home. Thought must be given to whether living independently will be physically safe and mentally healthy. Take time to think about your home through the lens of someone with more limited mobility. Are there a lot of stairs? Are laundry facilities in the basement? Are there walk-in showers or traditional bathtubs? Will there be significant costs to make the home accessible? Could there be a need for supervision or on-site assistance? What is plan B if your home will be inaccessible as you age? Are you familiar with the quality of care giving facilities near you? Will you hope to live with other family members?

Increasingly, senior living situations that include a progression of care are available. Here retirees take a first step into senior apartments in a community with other healthy seniors before any care is needed. Not only do Continuing Care Retirement Communities (CCRCs) require that you are fully independent when you move in, many find that joining such a community when they still feel vital and active a good idea because they can develop a sense of community as they age.

Moving at a time when you are physically or mentally compromised is much more challenging for all involved, as it limits the types of places you can qualify for and makes it harder to acclimate and build relationships once you're there. If a CCRC appeals to you, it can be a good idea to get on a waiting list for a desired location. A modest deposit is often required, but if your name comes up and you aren't ready to make the move, you may have the opportunity to pass two or three times before being dropped from the list. Thus the adage: "Better five years too early than five minutes too late".

Who will provide the care?

Many expect and receive care from a spouse. But the stress of caregiving can be both physically and mentally hard, and it isn't uncommon for the provider of care to predecease the person they are caring for. Family members – a sibling or a child – are often expected to step in to help. Children often share care giving duties and play different roles depending on their respective skills and abilities. Consider carefully what and how much you will want to ask of your children and at what cost it will be to them. Many second-generation caregivers are effectively asked to put their own lives on hold - jeopardizing their own careers, personal relationships, physical and financial health. Additionally, you may need to think about which family members should not be asked to provide care.

Paid professional care givers – either with or without medical training – can provide care in home or in a facility. Care can also be provided by a combination of caregivers – a spouse may provide care and augment that care with part-time help from family or paid providers.

Answers to the following questions can help you frame your long-term care plan:

- *What is my health status and how long am I likely to live?*
- *Where do I want to live?*
- *If I live at home, is my home safe as I age? Will I be able to do required upkeep?*
- *If I stay at home, who should provide care? Do I have family or friends who can help me? Am I comfortable with asking them for help? Whom do I not want to ask?*
- *Are there quality facilities in my community that provide a continuum of care? Do they have a waiting list?*
- *Who is the right family member or trusted contact with whom I can share my plan and who will help execute it?*
- *What are my end of life directives and have I included those as part of my long-term care plan?*

What kind of care will I need? What can I afford?

Your own plan will be affected by multiple factors including your own financial situation, your health status and your health history. Are you likely to deal with chronic health issues like diabetes, high blood pressure, or obesity? One in three seniors dies with Alzheimer’s and other dementias, and the number of Americans living with Alzheimer’s is expected to increase further from 5.7 million to 14 million in 2050⁶. How might this impact your family?

Will I be able to get into a care facility if needed?

While many desire to stay at home, some health circumstances may require a professional care facility. But don’t be surprised to find that quality facilities often have waiting lists and /or require future residents to demonstrate the financial ability to cover at least two years of care before relying on Medicaid.

Do I have my health care directives and a power of attorney for health care in place?

We’ve written separately about the importance of establishing powers of attorney for both finances and health care. Take time to create specific directives about end of life care. It is an important component of a complete long-term plan.

Share Your Plan

Once you and your spouse have answered these questions and created a plan for your long-term care, keep a copy of your plan with your important papers. Take time at least annually to review the plan and make sure it still reflects your wishes.

Also, share your plan with family members or a trusted contact to make sure your desires are known. While it is good to communicate with your whole family, identify one person to execute the plan for you. It can be hard for multiple siblings to agree; identify the one person who is in the best position to put your plan in place. If you don’t have kids or siblings, be sure to identify a friend or other trusted contact.

Establishing and communicating your desires is the first step in planning for care as you age. In our next segment, we will discuss the financial components of your long-term care plan – how to estimate the cost of care and a financial plan to pay for it.

1 <https://ltcconsumer.com/ltc-facts/statistics/>

2 bipartisanpolicy.org/library/americas-long-term-care-crisis

3 <https://www.usatoday.com/story/news/nation/2014/07/15/aging-survey-research/11921043/>

4 http://www.jchs.harvard.edu/sites/default/files/jchs-housing_americas_older_adults_2014_1.pdf

5 http://www.aimcorgroup.com/livingbenefits/wp-content/uploads/2017/07/Nationwide_-_Informal_Care_Giving_Whitepaper.pdf

6 <https://www.alz.org/alzheimers-dementia/facts-figures>

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