

Millions of Baby Boomers are not prepared for the biggest financial risk of their lives. A Boomer's Guide to Long-term Care reveals the realities of long-term care so readers can protect what they've worked a lifetime to accumulate.

A Boomer's Guide to Long-term Care

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A Boomer's Guide to Long-term Care

Updated and expanded - second edition

A Boomer's Guide to Long-term Care

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ISBN-13 978-1-60145-094-4

ISBN-10 1-60145-094-X

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Manufactured in the United States of America

Booklocker.com, Inc.

2011

Second Edition

Published by e-FinancialWriter.com

Jupiter, FL, U.S.A.

e-FinancialWriter.com

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A SCARY THOUGHT

Getting old is scary. The oldest of us Boomers turned 60 in 2006, yet many are in a state of denial when it comes to aging.

And when it comes to possibly needing long-term care (LTC), you might very well take the attitude, “Well, that’s not gonna happen to me.”

Baloney!

The fact is this is the biggest financial risk many of us face, and most of us are not prepared.

We worry about protecting our lifestyles, incomes, homes, cars, boats, and other possessions from financial loss. Yet too many of us don’t have any plans for how to cover the biggest expense we could face.

And do you think this is a problem that doesn’t affect the wealthy?

Hogwash ...

Northern Trust conducted a survey of households with \$1 million or more of investable assets. They found that the participants believed rapidly rising health care cost was the number one potential obstacle to enjoying retirement, followed by their own health and that of their spouse.¹

Let me ask you: Are you among the Boomers who will retire in their early 60s?

George D. Lambert

With life expectancies ever rising, there's a darn good chance you'll live into your 80s, 90s, or longer after you retire.

Now you need to ask yourself: What can I do to make sure a sickness or injury over the next 20 or 30 years doesn't leave me, my spouse, or my heirs with nothing but bills?

One choice of course, is to simply stick your head in the sand and keep telling yourself that getting sick and needing help will only happen to "the other guy."

Fortunately, you have other options.

Read on ...

A COMPLICATED ISSUE

Long-term care is a complicated issue about which there is a severe lack of knowledge.

And here's the proof:

A survey sponsored by the John Hancock Life Insurance Company included a 10-question true/false quiz about LTC basics.² The majority of respondents got only four answers correct!

A Boomer's Guide to Long-term Care is not intended to make you an expert. It is intended, though, to make sure that you are in the minority of Boomers who understand LTC issues.

In addition, you need to know what questions to ask, whether you are talking to a caseworker from Medicare or an insurance agent.

Because if you don't know what to ask or don't understand the basic terms, you will be putting yourself at a huge disadvantage.

George D. Lambert

THE COSTS

According to the 2009 MetLife Mature Market Institute Survey, the nation's average, basic cost for LTC was:

- \$72,270 per year for a semi-private nursing home room,
- \$79,935 per year for a private nursing home room, and
- \$21 per hour for home health aids to provide in-home care.

You can find the rates for your community on the MetLife Web site listed in the Appendix.

And even though some of the prices are more than you'd pay to live in a five-star hotel, they are just averages. And it might be just *average care*, too!

Yet you might not want to settle for average care.

That's not all...

How do you feel about sharing a bathroom or TV with other residents? Hey ... what if they snore?

THE ODDS ARE STACKED AGAINST YOU

According to an analysis published by the National Fire Protection Association, someone in your household has a 1 in 10 chance of suffering an injury from a home fire over an average lifetime.³

And you have a 1 percent chance of experiencing an auto accident that results in an injury.⁴

Not bad odds. Plus, you probably have insurance to cover such losses.

But your chances of needing long-term care are a heck of a lot higher ...

In fact, a study by the U.S. Department of Health and Human Services says that people who reach age 65 have a 40 percent chance of entering a nursing home.⁵

Nevertheless, long-term care doesn't necessarily mean nursing home care.

Many people require basic help with custodial tasks, such as getting dressed, bathing, or using the toilet. Family members or friends could easily provide this type of care.

But do you have someone you can count on?

Making the assumption you can depend on your kids might be dangerous. After all, they have their own lives to live, careers to pursue, and children to chase after.

George D. Lambert

So, if you're lucky, you won't get seriously ill from eating too much fast food all your adult life and need help tying your shoes or slurping your oatmeal.

But suppose you're the kind of person who has never won the lottery, or anything else, and generally think of yourself as not very lucky. Here's what you could face at some point during retirement:

- Eleven percent of men and 28 percent of women over 65 will end up needing more than five years of care at home or in a facility.
- Eight percent of people getting benefits from a three-year benefit long-term care insurance policy will use up their coverage.
- Six percent of those entering a nursing home as a private payer will end up on Medicaid.

Heck, those odds aren't too bad.

Sorry – I hate to break the bad news – but there's more beyond those numbers ...

A report published by Genworth Financial pointed out that the number of people suffering from Alzheimer's disease in the U.S. is increasing faster than for most other diseases.⁶ Alzheimer's accounted for 40 percent of the cost of claims paid to long-term care providers. There are an estimated 4.5 million Alzheimer's sufferers today – *double* the number in 1980. This number could hit 7.7 million by the year 2030.

The authors of the report went on to state that 70 percent of single people and 50 percent of married couples who require long-term care become destitute. Furthermore, caring for Alzheimer's

patients will put tremendous financial pressures on younger demographics as the Baby Boomers age.

The question is, how much of your net worth are you willing to give up to pay for this care?

According to the National Association of Realtors, the median U.S. home price is \$176,900.⁷ With long-term care averaging \$72,270 per year for a semi-private room, even if you sold your home you could only buy 29 months worth of care.

Is that something you're willing to do?

George D. Lambert

A WOMAN IS AT GREATER RISK

It's real simple: Women have a bigger problem than men because, statistically, they live longer ... five to 10 years longer.⁸

Consider this example: A woman cares for her increasingly frail husband; he dies. Then when she needs special care there is no one to help and she must go to a nursing home.

Spend some time in a nursing home. You'll come out with this conclusion ...

The majority of long-term nursing home residents tend to be single, female, over age 80, and suffering from dementia. They don't have any family support and are unable to live independently.

In fact, about 70 percent of nursing home residents are women, whose average age on admission is 80.

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