



4 MISCONCEPTIONS ABOUT LONG-TERM CARE

As medical care costs continue to increase for retirees, the cost of long-term care could jeopardize the assets you have worked so hard to protect.

Let's talk about some key misconceptions about long-term care. These could be keeping you from planning for this risk and preventing you from using strategies like asset-based long-term care products.

1. I WON'T NEED IT.

Many folks age 65 and older don't think they'll need long-term care coverage. Or, they think they'll have enough set aside to handle any costs.

The U.S. Department of Health and Human Services claims that almost 70% of people turning 65 will need long-term care at some point in their lives.¹ As of January 2025 the largest providers of Long Term Care Insurance now pay over \$18 million in benefits every business day.²

Are you comfortable with those odds? Would you run the risk of a 70% chance of needing care, or would you rather prepare and plan for that risk?

2. MEDICARE WILL COVER MY LONG-TERM CARE EXPENSES.

The amount of long-term care Medicare may provide you is limited in both benefit and the time it's available.

Generally, Medicare may cover 100% of your first 20 days in a skilled nursing facility. For days 21-100, Medicare may cover a portion of the expenses, leaving you with a co-pay.³

After day 100 in a facility, Medicare stops, and you assume all expenses. You'll have to cover the full cost of any care from this point on.

Imagine having to pay out over \$9,200 every month from your retirement assets to cover a semi-private room in a facility or paying rates of over \$6,000 per month for a home health aide. These were national averages in 2024, and medical care costs continue to trend upward.⁴

Could you sustain that type of payment for 5-6 years? Would you want to?

3. MY FAMILY WILL HELP IF ANYTHING HAPPENS TO ME.

While many Americans do their best to provide care wherever they can, 22 percent of current caregivers for family members do so while juggling the demands of a full-time job.⁵

There is also a growing number of caregivers considered to be in the “sandwich generation,” attempting to provide care for older family members while still maintaining the obligations of parenting young children.⁶

Are you comfortable with the idea of your family caring for you? Are you aware that the help your family gives could not just cost them time but also impact their retirement accounts?

As a parent, you never want to go to your children with your hat in hand. That’s why we work to help protect assets to help generate retirement income. And it’s the same reason we want to help protect against the long-term care risk that could potentially jeopardize your retirement accounts.

4. IF I DON’T USE THE LTC BENEFIT, I LOSE THE MONEY I PAID INTO MY POLICY.

Many baby boomers think of outdated long-term care policies when they hear about long-term care insurance.

The fact is some products, if structured properly, offer full return of premium, a tax-free death benefit, and a tax-free long-term care benefit that’s accessible when they need it.

For example, let’s take a 65-year-old man with a fixed index annuity that provides him an annual income of \$10,000. He isn’t using the full amount for living expenses but has no long-term care protection.

By using an asset-based long-term care product, he can pay \$10,000 per year for 10 years. He gets a total guaranteed long-term care benefit of \$332,951 that he can access over a six-year period. That’s \$4,624 per month to help with qualified care, including home health care.

He finishes paying for 10 years, and at the end of year 11, he has full return of premium. He can walk away with his money at any time, guaranteed.

This is a hypothetical example provided for illustrative purposes only; it does not represent a real life scenario, and should not be construed as advice designed to meet the particular needs of an individual’s situation.

¹ <https://www.simplyinsurance.com/long-term-care-statistics/#:~:text=Key%20Statistics%3A%201%20If%20you%20are%20turning%20age,paid%20long-term%20care%20in%20their%20lifetime.%20More%20items>

² <https://www.comparelongtermcare.org/insurance-stats/>

³ <https://www.medicare.gov/coverage/skilled-nursing-facility-snf-care>

⁴ <https://www.genworth.com/aging-and-you/finances/cost-of-care/cost-of-care-trends-and-insights>

⁵ https://connect.guardiangroupbenefits.com/l/503851/2023-12-15/6yw1b6/503851/1702675399bBkGiG78/Guardian_12th_Annual_WBS_Standing_Up_and_Stepping_In_1215.pdf

⁶ https://connect.guardiangroupbenefits.com/l/503851/2023-12-15/6yw1b6/503851/1702675399bBkGiG78/Guardian_12th_Annual_WBS_Standing_Up_and_Stepping_In_1215.pdf

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