



130 Jordan Drive , Chattanooga, TN, 37421
phone: (423) 892-2006 | web: <https://www.chattanoogaelderlaw.com/>

The Costs of the Rising Cost of Long-Term Care

Do you have a family member who is receiving some form of long-term care? If you don't, the chances are good that someday you will – and that day may not be too far away. As the U.S. population ages and life expectancies increase, the need for long-term care is becoming an important consideration for many individuals and families.

Long-term care refers to a range of services and support one may need to meet their personal care needs over an extended period. This type of care may be available in a person's home, at an assisted living facility, or at a nursing home. These services can range from help around the house to 24-hour care in a nursing home or memory care unit.

Though the cost of long-term care varies widely across the United States, it has been rising and will continue to rise. According to Genworth Financial, the current average cost of a private room in a nursing home is \$108,405 per year.

Long-Term Care Payments or Retirement Savings?

A recent survey conducted by The Harris Poll on behalf of Nationwide asked 1,334 U.S. adults 28 years old or older about balancing caregiving obligations and their long-term financial situations. Results revealed that many adults are sacrificing long-term financial well-being to give or pay for long-term care for parents or other loved ones.

Some people leave good-paying jobs to take lower-paying jobs with more flexibility so they can care for loved ones with long-term care needs. This can derail a person's career and cost them a significant amount of earning potential in the long run. Other people may be able to keep their full-time jobs but pay out-of-pocket expenses for which they will never get reimbursed. The Harris Poll/Nationwide survey found that people pay an average of \$338 per month for caregiving

expenses.

The survey also found that more than half (56 percent) of respondents said they are willing to borrow from their retirement accounts to help pay for long-term care for a loved one. Borrowing from a retirement account can drastically reduce the account's ability to generate enough funds for retirement. Nearly half (43 percent) of the survey's respondents are concerned that caregiving expenses will keep them from retiring.

Long-Term Care Planning

Though the cost of caregiving can have a significant effect on a family's finances, only 17 percent of the survey respondents said they have discussed long-term care and its costs with a financial professional. Of the adults surveyed, 30 percent said that their financial professional has not brought up the subject of long-term care planning with them.

According to Holly Snyder, president of Nationwide's Life Insurance business, long-term care planning is often a complicated and emotional process and can have a significant effect on a family's financial well-being. Nationwide's data show that Americans would benefit from being more proactive with their financial planning, especially with regard to planning for long-term care costs.

Long-Term Care Insurance

A good way to plan for the costs of long-term care is to invest in long-term care insurance. Long-term care insurance (LTCI) is a type of insurance designed to cover the costs of long-term care services. Individuals with LTCI usually have more options for the type of care they receive and where they receive the care. Having long-term care insurance can also reduce emotional and financial stress on families, since they know that proper care will be accessible when it is needed.

Unfortunately, too many Americans are not taking full advantage of strategies to help them manage and mitigate long-term care costs, such as LTCI. According to the survey, only one in five adults said they have long-term care insurance. Of those who have not purchased this type of insurance, nearly half (49 percent) said the perceived high cost of the insurance was a deterrent.

The Cost of LTCI

The cost of long-term care insurance varies widely based on several factors:

- **Age and Health:** Premiums are generally lower if you purchase a policy at a younger age and when you are in good health.
- **Gender:** Women typically pay more than men because they tend to live longer and are more likely to need long-term care.
- **Marital Status:** Married couples often receive discounts on their premiums.
- **Benefit Amount and Duration:** The cost is influenced by the daily or monthly benefit amount you choose and the length of time benefits will be paid (for

example, three years, five years, or for a lifetime).

- **Elimination Period:** This is the waiting period before benefits begin. A longer elimination period usually reduces premiums.
- **Inflation Protection:** Adding inflation protection increases the premium but ensures that benefits keep pace with the rising costs of care.

The cost of long-term care insurance can also vary significantly depending on where a person lives. This can add another challenging factor when people begin to think about purchasing a long-term care insurance policy. According to the survey, people often overestimate the cost of LTCI. When the survey participants were presented with a sample of an LTCI policy, 20 percent guessed the policy cost more than \$500 per month when, in fact, the policy cost \$130 per month.

According to Forbes, the average annual cost of long-term care insurance in the U.S. in 2023 was \$1,200 for a 60-year-old man and \$1,960 for a 60-year-old woman. The cost is lower for younger individuals and higher for older individuals.

Seek Expert Advice Before You Purchase an LTCI Policy

Long-term care insurance offers a way to safeguard against the high costs of long-term care, providing financial protection, choice, and peace of mind. However, it's essential to carefully consider the cost, benefits, and your unique circumstances before purchasing a policy. Consulting with an elder law attorney, financial advisor, or insurance specialist can help in making an informed decision tailored to individual needs and financial situations.

Contact an experienced elder law attorney near you today to talk further about your options for affording long-term care. They can walk you through the options that may be available to you and help you understand the benefits and costs.

For additional reading on long-term care and how to pay for it, check out the following articles:

- [Who Should Purchase Long-Term Care Insurance?](#)
- [How Much LTCI Should You Purchase?](#)
- [When Should You Purchase Long-Term Care Insurance?](#)
- [Discussing Long-Term Care With Older Adults in Your Life](#)
- [LTCI Hybrid Policies](#)