

PLANNING FOR TOTAL CAREGIVING EXPENDITURES

How Much Do People Pay for LTC after age 65? That depends. We'll explain.

Long-term care (LTC) unknowns including the need for care, and the duration and associated cost of care, make planning a challenge.

DURATION OF CARE

Statistics vary on the length of time LTC may be needed. The U.S. Department of Health and Human Services reports an average duration of three years for all types of services combined. More relevant to future retirees is that disparity of need: one-third of today's 65-year-olds may never need LTC support, but 20% will need it for longer than five years.¹

COST OF LTC SERVICES

The cost of various LTC services is well reported. **Figure 1** details national averages from one insurance carrier's long-running annual survey, with the costs of care reported at the median. Consequently, the cost of care could be less, or conversely more for affluent individuals. This variability is especially true when adding in nonqualified LTC services the facility or service provider may offer.

An additional challenge with cost of care surveys is that costs vary widely, not only by type of LTC facility or service, but also geographically, even within specific metro areas. Don't overlook location where care will likely be received.

Figure 1: Median Cost of Care – National (USA)²

FACILITY/SERVICE TYPE	MONTHLY	ANNUAL	CHANGE FROM 2022
Nursing Home (NH) – Private Room	\$9,733	\$116,800	5%
Nursing Home – Semi-Private Room	\$8,669	104,025	4%
Assisted Living Facility (ALF)	\$5,350	\$64,200	5%
Home Health Aide (HHA)*	\$5,720	\$68,640	10%
Adult Day Care	\$2,068	\$24,700	6%

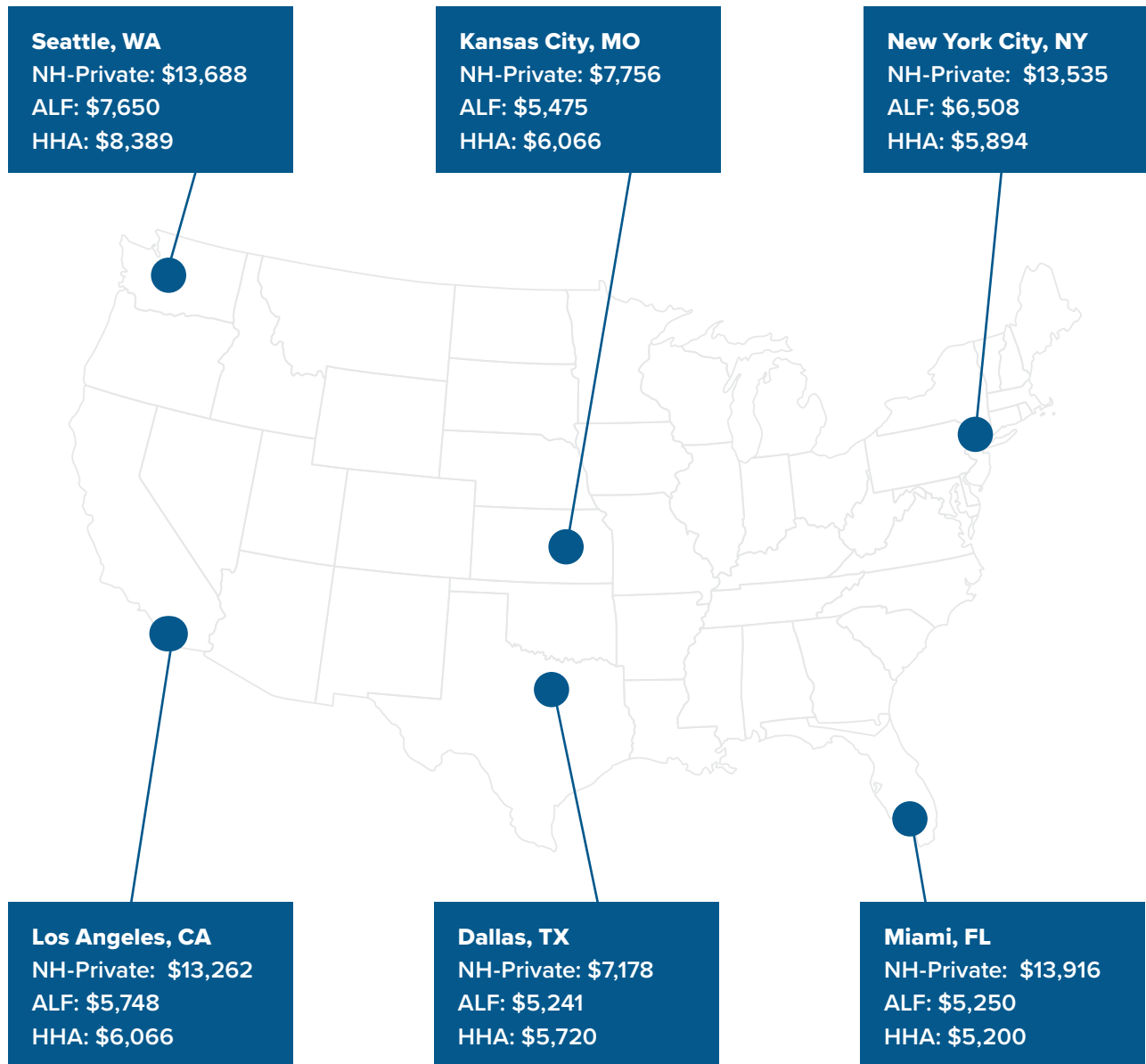
*HHA calculated based on 40 hours per week.

1 How Much Care Will You Need?, U.S Department of Health & Human Services.
2 Genworth Cost of Care Survey, 2023, <https://www.genworth.com/aging-and-you/finances/cost-of-care>.

COST OF CARE VARIES BY LOCATION

Future care may not be administered in an individual's current location. Retirement plans or the desire to move closer to a support network of family and friends may prompt a relocation. **Figure 2** illustrates how costs can vary in a few select cities.

Figure 2: LTC Costs Vary By Geography (Monthly Median Costs)



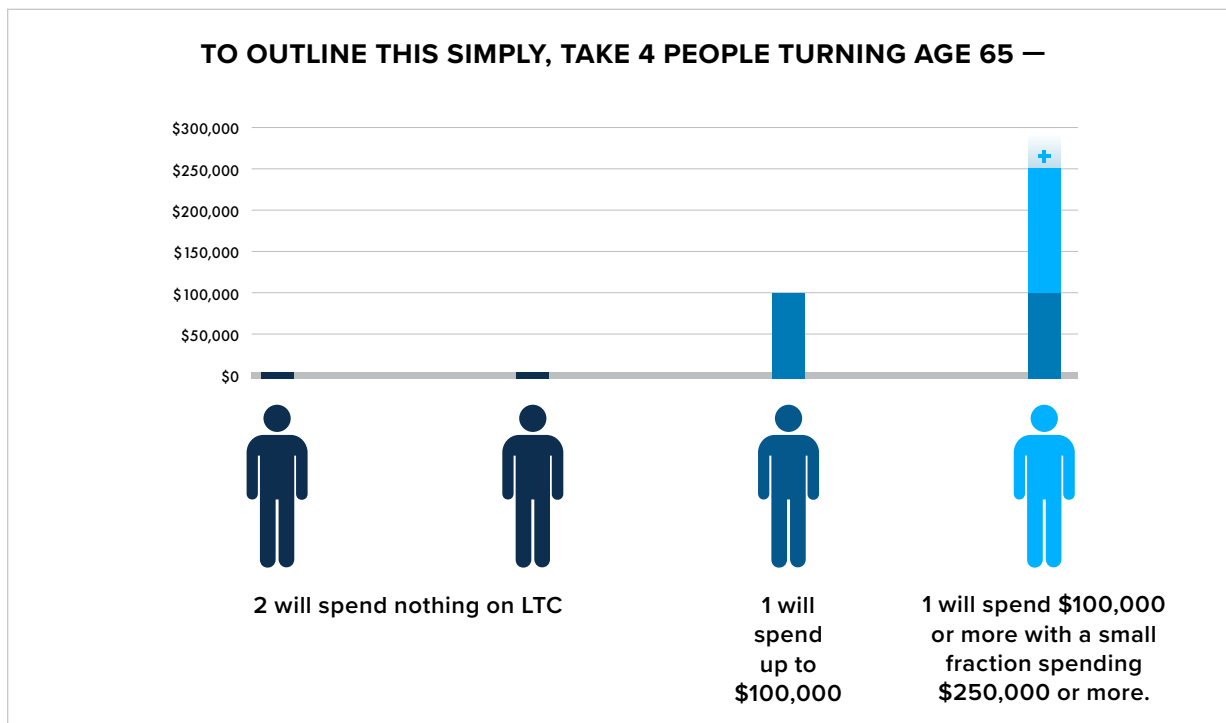
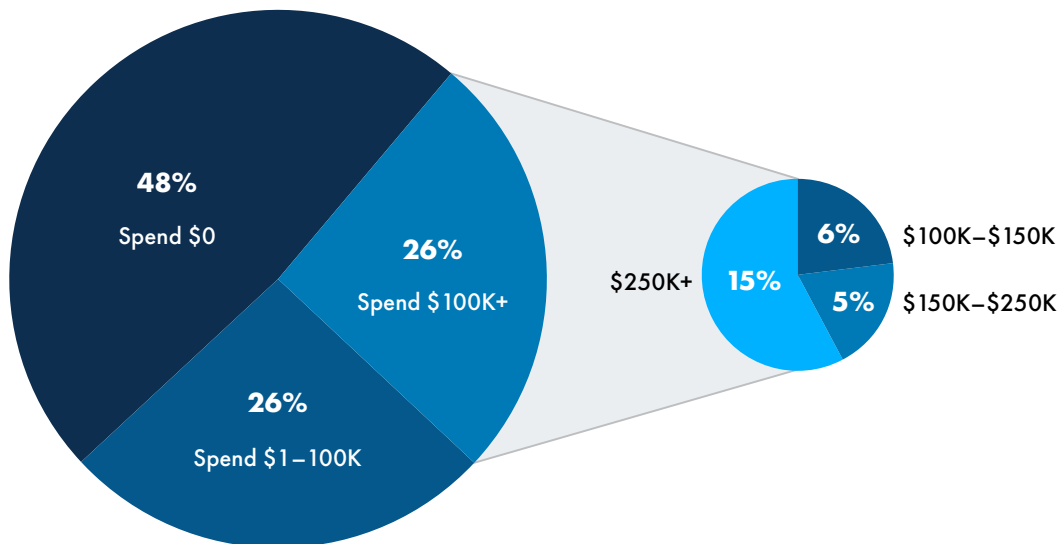
LEGEND
NH = Nursing Home
ALF = Assisted Living Facility
HHA = Home Health Aide

HOW MUCH WILL YOU SPEND?

This could be the quarter-million-dollar-plus question. Or it could be the zero-dollar question. Will you be in the 50% of those who do not spend funds on care? If you're not so fortunate, what is the upper limit to what your out-of-pocket may be? These questions are a reminder of the uncertainty of planning for LTC

expenses. Several years ago the Assistant Secretary for Planning and Evaluation (ASPE), an advisor to the HHS secretary, issued a brief which projected what someone turning 65 in the four years following the report's issue could expect to spend on LTC services (**Figure 3**).

Figure 3: Expenditure Age 65+ on LTC Services³



³ Source: Assistant Secretary for Planning and Evaluation (ASPE) Issue Brief, Long-Term Services and Supports for Older Americans: Risks and Financing, ASPE Research Brief, revised February 2016, Table 5.

MAKING DECISIONS WITH THIS DATA

So how much do people pay for LTC after age 65? As shown there are many factors. Both financial and nonfinancial considerations inform planning for a caregiving event (e.g., modeling cash flows, cost of care, determining the risk based on current health, family history, expected longevity, and when care may start). It's also important to consider the impacts to a spouse and family, both financially and emotionally. It is a sound strategy to partner with an advisor to ensure potential LTC costs don't upend an individual's holistic financial plan.

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