

WEALTH

CARECOST



Long-term care - Have you considered the cost?

By Guy M. Cecchi, CLTC

Even though you might provide and believe in a particular financial product or service, it often isn't until you have a personal experience with it that you have a full understanding of its benefits. In my case it was long-term care insurance. Due to my mother's decline in health, both physically and cognitively, I was facing the decision as to what was the best way to care for my mother. As I got involved, I realized first-hand the many facets of this issue and the need to focus my efforts with clients

to encourage them to prepare for what may lie ahead and the possible long-term care need of a loved one.

The biggest wake-up call for me was the cost of long-term care. I had been going by the figures that are typically cited - such as the 2013 Genworth Cost of Care Survey, which states that the 2013 median annual cost of a nursing home is \$83,950. In reality, the experience I had was much higher. For instance, the cost for basic custodial care at the Pavilion in Hyannis, a rehabilitation and nursing center, according to the administrator, Stephen Colarusso, is \$400 a day or \$146,000 a year for a semi-private room. The cost for round-the-clock home care (which is what my mother needed) was \$624 a day or \$227,760 a year, according to Rachael Hicks, CEO of Care From The Heart, a Mashpee-based non-medical home care agency.

This is real money in today's dollars. It reminds everyone to think about what

the costs could grow to be in 10, 20 or 30 years. The potential is very real that you or a loved one might need long-term care at some point in your retirement years. The May 16, 2013, edition of the Harvard Health Publications states that two out of every three Americans who reach age 65 may at some point need long-term care for up to three years. Where will that money come from? Health insurance does not cover long-term care and to access Medicare or Medicaid for long-term care you must meet certain requirements. Medicare requires a qualifying three-day hospital stay and only pays for skilled care up to 100 days. In order to qualify for Medicaid, a significant asset spend-down is required.

Proper planning for a long-term care need is essential if you intend to help protect your income and assets. There are three ways to help pay for long-term care - the government, your assets and

income, or transfer some or all of the risk to an insurance company with long-term care insurance.

Researching, gathering information, and considering your options for long-term care will cost you nothing but time. Being financially prepared is what can help save a financial legacy - whether you believe your assets are large or small.

I recommend that you talk to legal, tax, financial and insurance professionals to get the information that you need to make an educated decision on the steps to take for your long-term care planning. You will be glad that you did. **\$**

Guy M. Cecchi, CLTC is a financial representative of John Hancock Financial Network and an advisor with Murray and MacDonald Insurance Services. He can be reached at (800) 800-8990 or gcecchi@jhnetwork.com. The views and opinions expressed in this article are those of Guy Cecchi. The information provided is not to be interpreted as legal or tax advice. For information regarding your own specific situation, please contact your attorney or tax advisor.