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Preview

focus n®

Planning for Long-Term Care
Protecting Your Life Savings



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Introduction

One of the greatest risks faced by America's elderly is the need for long-term care. However, many people don't think they'll ever need it, others think that Medicare or Medicaid will cover the cost, and others soothe themselves with the expectation that their family will care for them.

Not only is there a high risk of needing long-term care as people age, but an extended long-term care stay could be financially devastating. Thus, even if you're healthy now, it's important to consider how to help protect yourself and your family from potentially substantial long-term care expenses. By planning ahead, you can help ensure that you receive quality care — at home or in the place you desire — help preserve assets, and avoid becoming a burden to your family.

Assessing the Risk

- **People turning age 65 today have a nearly 56% chance of needing some type of long-term care at least once during their lifetimes**

Source: Administration for Community Living, 2025 (most current data available)

Long-Term Care Basics

Long-term care refers to the ongoing services and support that you might need if you become physically or mentally disabled due to a prolonged injury, illness, or cognitive impairment. There are three distinct levels of care that can be provided in a variety of settings, including your own home, an assisted-living facility, and a nursing home.

Skilled care generally refers to round-the-clock care that is provided by professional health-care providers such as nurses, therapists, and aides under a doctor's supervision. This may include administering medication, monitoring blood pressure, and performing other tests and health-care services.

Intermediate care is nursing and supportive care also provided by professional health-care providers but on a less frequent basis than skilled care.

Custodial care describes the personal care often provided by family caregivers, nurses' aides, and home health workers who provide assistance with one or more activities of daily living (ADLs) such as bathing, eating, and dressing. This is the most common type of long-term care.

Unpaid Eldercare

53 million people provide unpaid eldercare for family members in the United States, and 72% consider their caregiving situation to be stressful.

Source: Seniorliving.org, 2025 (most current data available)



Developing a Long-Term Care Plan

A long-term care plan will account for the different types of care you may need and the different settings in which you may someday receive that care.

Although it may be hard to face the fact that health problems may someday result in a loss of independence, if you begin planning today, you'll have more options open to you in the future.

Where Can You Receive Care?

Your home. Like many Americans, you might prefer to stay in your own home for as long as possible. Family caregivers, friends, or trained homemakers may be available to provide the bulk of assistance with everyday tasks, and professionals such as nurses, therapists, and home health aides can be hired to provide occasional home health care. A variety of community-based services may also be available to help with your personal care and activities.

Assisted-living facility or senior living center. Assisted living is usually provided in a home-like facility that combines housing, personal assistance, and limited health care. Generally, assisted-living facilities offer round-the-clock intermediate and custodial care, but not the skilled care provided in a nursing home. This option may be ideal if you cannot continue living alone but want to remain independent.

Adult day-care facility. These community-based centers provide health care and social services for people who can't be left alone. Often, they specialize in caring for people with Alzheimer's disease, and they benefit family caregivers by providing much-needed respite care during working hours or on the weekend.

Nursing home. Nursing homes generally offer all three levels of care — skilled, intermediate, and custodial. Most nursing home residents have a disabling illness or cognitive disorder so serious that care cannot be provided adequately elsewhere.

Costs of Care

What Long-Term Care Might Cost

The costs for long-term care can be substantial, and facility costs in particular have been rising rapidly in recent years. Some conditions that typically require extended periods of long-term care — and tend to put people into high-cost facilities — include a chronic illness such as severe arthritis and multiple sclerosis, and a cognitive impairment such as Alzheimer's disease.

Many families won't be able to afford to pay for future costs out of pocket, and it's easy to see how long-term care expenses could jeopardize assets accumulated for retirement or other goals.

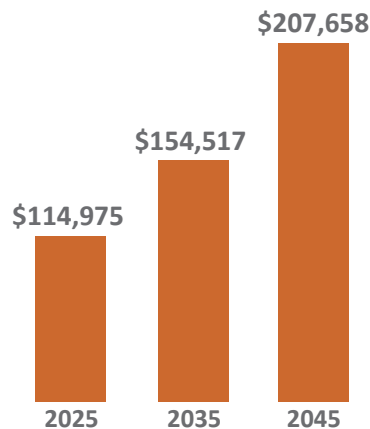
Costs of Care

National Median Costs, 2025		
	Monthly	Annually
Home health aide (44 hours/week)	\$6,673	\$80,080
Adult day health care (5 days/week)	\$2,058	\$24,700
Private room in an assisted-living facility	\$6,200	\$74,400
Semi-private room in a nursing home	\$9,581	\$114,975
Private room in a nursing home	\$10,798	\$129,575

Source: Genworth Cost of Care Survey, 2025

Nursing-Home Care

The type of long-term care that's likely to cost the most is nursing-home care. In the future, long-term care could cost even more. If rates for a semi-private room in a nursing home were to rise at a 3% average rate every year, the national median cost could reach nearly \$207,658 in 2045. It's easy to see how the high cost of care could threaten — or even wipe out — your retirement savings.



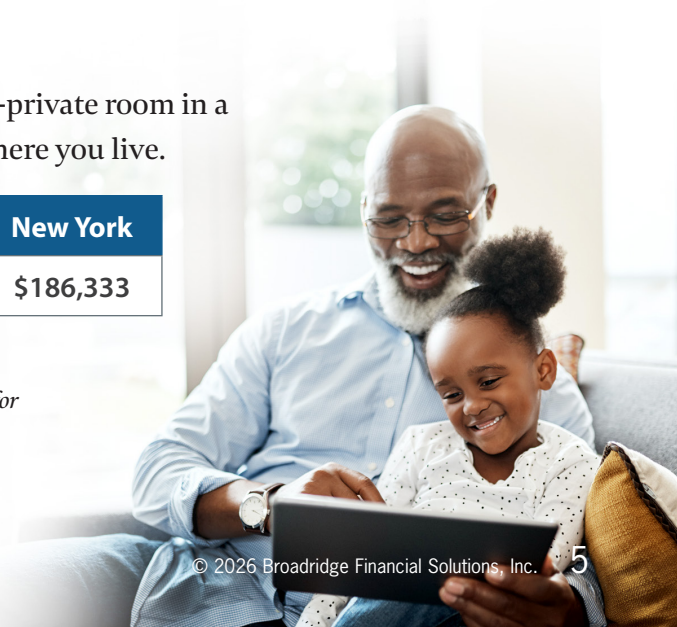
And as shown below, the actual median cost for a semi-private room in a nursing home can vary greatly depending on the state where you live.

Texas	Ohio	Florida	California	New York
\$67,525	\$110,230	\$124,100	\$146,000	\$186,333

Source: Genworth Cost of Care Survey, 2025

Projected costs are hypothetical, based on mathematical principles, and used for illustrative purposes only.

Most people simply could not afford a five-year nursing home stay for a family member (about \$574,875 for a semi-private room or \$647,875 for a private room, not accounting for inflation). Long-term care insurance could help fill this financial gap.



What to Look for at a Nursing Home or Other Senior Living Facility

You can learn more about nursing homes and other facilities in your area by asking people you trust, such as family, friends, neighbors, and physicians. You can also visit [Medicare.gov/nursinghomecompare](https://www.Medicare.gov/nursinghomecompare) or the Eldercare Locator, [eldercare.acl.gov](https://www.eldercare.acl.gov), which is a public service of the U.S. Administration on Aging, to connect with providers and services for older adults and their families.

Compare the quality of the facilities you're considering and visit them — more than once if possible — to choose the option that best meets your needs. Take the time to ask the staff questions, such as the ratio of registered nurses and certified nurse aides to residents, whether residents have a choice of food items at meals, whether residents have a choice of roommates, and visitor policies and procedures. If possible, talk with residents and their families about their experiences.

Here are some things to consider when choosing a facility:

- Convenient location near family, friends, and services
- Clean, spacious, and comfortable common areas and rooms
- Safe, well-maintained hallways
- Professional, friendly, and helpful staff
- Well-qualified and caring medical personnel available round the clock
- Positive interactions among residents and staff
- Social, recreational, and educational activities
- Transportation to/from community activities
- Access to preventive care, specialists, and oral care
- Specialized services and types of therapy offered
- Extra charges or fees for specific services
- Medications policy
- Healthy meals (ask to see a menu) and nutritious snacks
- Good reputation and inspection reports
- Organized quality assurance program
- State licenses and certifications for Medicare or Medicaid

Methods to Pay for Long-Term Care

How Will You Pay for the Potential Cost?

Over the course of a lifetime, you or someone you love may need several types of long-term care, and you might end up using several strategies to pay for that care.

There are four main ways to pay for long-term care:

- Use your personal resources — income, savings, investments, and assets such as your home
- Rely on government programs
- Purchase long-term care insurance
- Add a long-term care rider to life insurance or annuity products

Medicare and traditional medical insurance offer little or no relief for assisted living or long-term care. Medicare Part A covers short-term hospital stays and a limited amount of skilled nursing facility care — not the long-term custodial care needed by people who need help with daily living activities.

And Medicaid is designed primarily for the poor. To qualify, families have to meet stringent financial requirements and may have to “spend down” assets to the poverty level to receive benefits. This means you lose some control over where you receive care and, subsequently, the type of care offered.

Much of the burden of paying for long-term care falls on the elderly and their families, who pay the costs out of their own pockets or by purchasing long-term care insurance to shift the potential cost burden to a third party.



Preview

What Are Your Long-Term Care Planning Goals?

Circle the number that most closely matches how important each goal is to you.

Goal	Importance		
	Most		Least
I want to have numerous care options available to me.	1	2	3
I want to stay in my own home for as long as possible.	1	2	3
I want to avoid burdening my family.	1	2	3
I want to protect my retirement savings.	1	2	3
I want to provide for my spouse or other family members.	1	2	3



Methods to Pay for Long-Term Care

Paying Out of Pocket

Self-funding, or paying out of pocket, means using your personal resources — income, savings, investments, and assets such as your home — to pay for long-term care. This is often the default option when people haven't put together a long-term care plan and need to pay the expenses themselves.

The major advantage of this method is that you have better control over where and how you receive care than some other long-term care options. For example, a long-term care insurance policy may only cover home health-care providers who are licensed professionals. When you pay for costs out of pocket, you can hire anyone you want.

A major disadvantage is that you might have to use money you've saved for retirement. You may have to sell assets you had hoped to leave to your children, grandchildren, or charity. And you could eventually deplete your life savings, which might leave you with few options other than relying on family members for care and support, or applying for Medicaid to pay for your care.

Using a Reverse Mortgage

A reverse mortgage or a home-equity conversion loan may allow homeowners age 62 and older to borrow against the equity in their home and use the proceeds to hire caregivers or make home modifications that allow them to remain at home.

A reverse mortgage takes part of your equity in the home and converts it into payments made to you — basically, these are advance payments on your home equity. This money is tax-free, and you typically don't have to pay the money back for as long as you live in your home. But when you move out, sell your home, or die, the loan needs to be repaid, with interest, by you or your spouse or estate.

Of course, there are drawbacks to consider. A reverse mortgage may not be suitable if you will remain in your home for only a short period of time or will need extended nursing-home care. Further, a reverse mortgage involves substantial fees — origination fee, closing costs, servicing fees over the life of the mortgage — and the amount you can borrow is typically much less than the actual value of the home. Further, interest is added onto the balance, which means the amount you owe grows as the interest on your loan adds up over time. (This interest is not tax deductible until the loan is paid off.) Because a reverse mortgage loan must be paid back after you stop living in the home for one year or more, it is likely that either you or your heirs will eventually be forced to sell it, risking exposure to the uncertainties of the housing market.

More Older Americans

The population of Americans age 65 and older is projected to grow from 58 million in 2022 to 82 million by 2050.

Source:
Alzheimer's Association,
2024 (most current data
available)

Methods to Pay for Long-Term Care

Paying for Long-Term Care Worksheet

Use this worksheet to estimate how much of your long-term care costs you could afford to pay out of pocket.

Long-term care costs and other expenses

Projected cost of nursing-home care, assisted living, or home health care in your area

Monthly cost

\$ _____

Other expenses (such as living expenses for a healthy spouse)

\$ _____

Total projected expenses

\$ _____

Income

Retirement [including 401(k) and pension]

\$ _____

Social Security

\$ _____

Investments

\$ _____

Rental income

\$ _____

Other

\$ _____

Total projected income

\$ _____

Difference between projected income and projected expenses

\$ _____

If this amount is negative, you will need to consider additional ways to pay for long-term care.



Age-Related Risks

The longer people live, the greater the chance that they'll need help due to chronic conditions.

In 2024, an estimated 6.9 million Americans age 65 and older were living with Alzheimer's disease.

Source: Alzheimer's Association, 2024 (most current data available)

Relying on Government Programs: Medicare

As mentioned earlier, some people mistakenly think that Medicare, the federal health insurance program for older Americans and some disabled individuals, will pay for long-term care. Unfortunately, Medicare provides only limited coverage for services such as skilled nursing facility care, hospice care, and home care. And though Medicare provides some home health-care benefits, it does not cover personal or custodial care, the type of care that older individuals often need.

Skilled nursing facility care. Medicare will pay for medically necessary skilled nursing facility care only if admission follows a minimum three-day hospitalization and the patient's condition is improving.

	Medicare Pays	Patient Pays
Days 1–20	All eligible expenses	Nothing
Days 21–100	Partial costs	\$217.00 per day
Over 100 days	Nothing	All expenses



Methods to Pay for Long-Term Care

Medicaid

Medicaid is the joint federal and state program designed to assist low-income individuals. It is the largest payer of long-term care services and support in the United States. But Medicaid is means-based. In some states, Medicaid also covers some home health-care costs, but there are many rules associated with who can qualify.

Source: Medicare.gov, 2024 (most current data available)

Make sure to consult an experienced elder law attorney if you need help understanding Medicaid rules or exploring Medicaid planning strategies.

Medicaid Eligibility and Planning

To qualify for Medicaid, you have to either be poor or become poor. You will have to use up most of your savings before you even qualify. And aside from a small personal needs allowance (typically at least \$30 a month), you will have to use all your retirement income, including Social Security and pension payments, to pay for your care before Medicaid pays anything.

Each state establishes its own eligibility rules (under federal guidelines). In most states, you won't qualify if you have more than \$2,000 in countable assets if you're single. The limit is generally \$3,000 for a married couple who are applying together for Medicaid. The term "assets" generally means anything that has cash value — savings, investments, and real estate, for example. If you're married, your spouse will be allowed to keep much more. Some assets are exempt from these limits.

But just because an asset is not counted by the state when determining whether you qualify for Medicaid doesn't mean that it will never be touched. The laws in your state may allow a lien to be placed on your home or other assets at the time you qualify for Medicaid, so the state can recover part of what it's paid out in Medicaid benefits after you and your spouse die.

Once you qualify for Medicaid, you'll have little or no choice regarding where you receive care. Only facilities with Medicaid-approved beds can accept you, and your chances of staying in your own home are slim, unless your state's Medicaid program covers home health care.

For more information, contact [Medicaid.gov](https://www.Medicaid.gov) or your state Medicaid office about its programs, eligibility requirements, and other benefits, or visit

[medicaidplanningassistance.org/state-specific-Medicaid-eligibility](https://www.Medicaid.gov/medicaidplanningassistance.org/state-specific-Medicaid-eligibility).



Benefits of Long-Term Care Insurance

Long-Term Care Insurance

Long-term care insurance is private insurance that enables you to transfer some of the financial risk of long-term care costs to an insurance company. In exchange for the premiums you pay, long-term care insurance will provide a contractual daily or monthly benefit amount for covered long-term care services, up to the policy limits, if they are needed. This can help you preserve your accumulated wealth from this potentially devastating expense. With a policy in place, you can make decisions about your care in advance and worry less about becoming a burden to your children and other family members.

Benefits of Long-Term Care Insurance

- Preserves freedom to choose where you receive care
- Helps protect accumulated assets
- Avoids the need to spend down assets

A comprehensive long-term care policy will cover home care, an assisted-living center, an adult day-care center, and a nursing home. You will have a wider choice of facilities than you would if Medicaid was paying for your care, since many nursing homes give preference to patients who can pay for their own care.

With insurance covering most of the bill, your retirement savings won't be depleted on long-term care costs. If you must enter a nursing home, it will enable your spouse to maintain a comfortable standard of living, and you won't need to spend down your assets in order to become eligible for Medicaid.

Potential Drawbacks

Necessity to plan in advance. In order to purchase a long-term care policy, you must be in reasonably good health. Once you develop health problems that may result in the need for long-term care, you will have trouble qualifying for a policy.

Premium cost. One of the main objections you might have when buying a long-term care policy is the cost, and for good reason — long-term care insurance can be expensive. Costs vary widely depending on the policy features and the age, health, and residence of the policyholder. Premiums are less expensive if you sign up at a younger age, but remember that you may have to pay them for decades before you file a claim. The optimal age for someone (in good health) to obtain coverage may be between 55 and 65 to get the best combination of monthly affordability and fewer total dollars spent before filing a claim.

Costs Don't Have to Be Prohibitive

Long-term care insurance can offer full or partial coverage, allowing you to tailor your policy to what you can afford.

Benefits of Long-Term Care Insurance

Four Ways to Manage the Cost of Insurance

Buy a policy when you're younger. A long-term care policy purchased at age 55 will be much less expensive than a policy purchased at age 70. The tradeoff is that you'll end up paying the premiums for many more years than you would by waiting, so make sure you can afford to do so without changing your lifestyle. Most policies are "full pay policies," which means that you'll need to continue paying the premiums to keep the policy in force.

Work with a reputable company. Even though most policies have guaranteed premiums, which means your premium can't go up as you grow older or your health declines, most states allow insurance companies to raise premiums on a class basis. You can reduce the chances that your premium will increase substantially over time by purchasing a policy from a reputable company that has been in business for many years. Look for a company that has an excellent financial strength rating from a ratings service such as A.M. Best Company, Moody's Investors Service, or Weiss Ratings.

Choose the right combination of features and benefits. Because the cost of a long-term care policy depends on the features and benefits you choose, spend some time thinking about which of them are important to you. The general rule is: Buy what you need, but don't buy more coverage than you can afford.

Take advantage of tax breaks. Both the federal government and state governments provide special incentives for buying long-term care insurance.

At the federal level, you may be able to offset part of the cost of long-term care insurance by claiming a tax deduction on your federal income tax return if your policy is tax qualified (and nearly all policies sold today are) and you itemize deductions.

The deduction for long-term care insurance premiums is part of the medical expense deduction, so you can deduct your premiums only if you meet certain requirements. Find out, too, whether your state offers deductions or tax credits for long-term care insurance — many do.

Some states have started to offer special long-term care insurance policies called partnership policies. If you own a partnership policy, the state will allow you to keep some or all of the assets you would normally have to spend down to qualify for Medicaid.

A long-term care policy may not cover all the expenses associated with a person's long-term care needs.

A complete statement of coverage, including exclusions, exceptions, and limitations, can be found only in the policy.

Long-term care insurance carriers have the discretion to raise their rates and remove their products from the marketplace.

Benefits of Long-Term Care Insurance

If you itemize deductions on your federal income tax return, you can only deduct the amount of qualifying medical expenses that exceed 7.5% of your adjusted gross income (AGI). The amount of long-term care premiums you can deduct is limited, based on your age; these limits are indexed annually for inflation.

Deductible Limits on Long-Term Care Insurance Premiums	
Age before year-end	2026 limit
40 or younger	\$500
41 to 50	\$930
51 to 60	\$1,860
61 to 70	\$4,960
71 and older	\$6,200

Source: IRS Revenue Procedure 2025-32

For example, if you are age 55 and pay \$2,000 a year in long-term care insurance premiums, only \$1,860 of what you pay would be deductible in 2026 (assuming you itemize deductions and your qualifying medical expenses exceed 7.5% of AGI).

Policy Features and Benefits

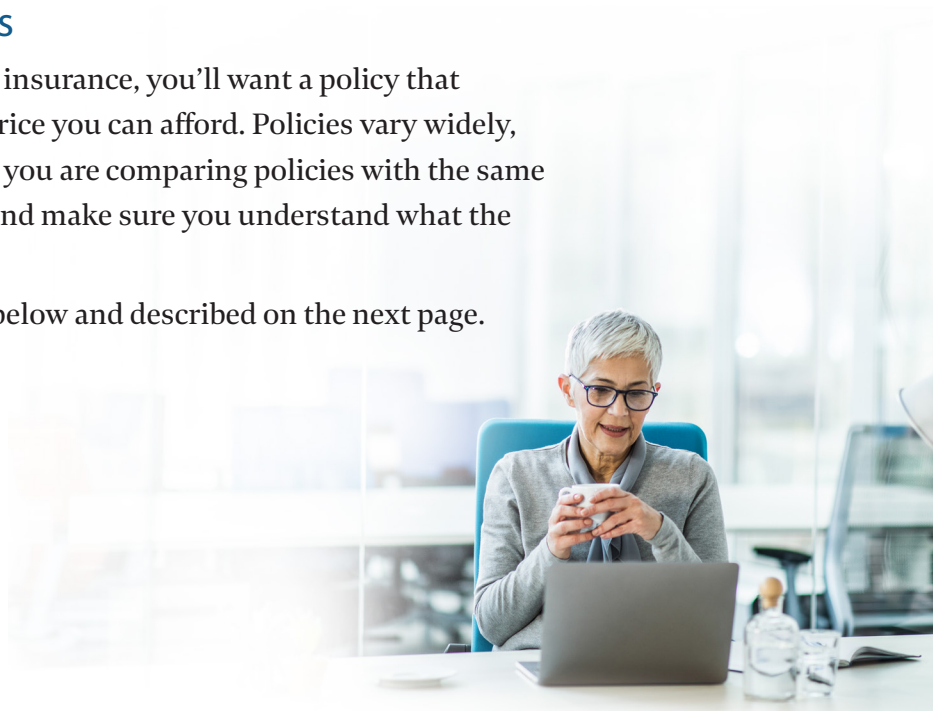
If you decide to buy long-term care insurance, you'll want a policy that provides the broadest coverage at a price you can afford. Policies vary widely, so when comparing them, make sure you are comparing policies with the same features. Ask to see a sample policy and make sure you understand what the policy does and does not cover.

Key features to consider are listed below and described on the next page.

- **Benefit amount**
- **Benefit period**
- **Benefit triggers**
- **Elimination period**
- **Types of facilities included**
- **Inflation protection**
- **Waiver of premium**
- **Guaranteed renewable**

Further Limits with “Hybrid” Policies

Only the portion of the premium that goes toward long-term care coverage may be deductible for “hybrid” and asset-based policies, such as life insurance policies or annuities with riders for long-term care. The policy should show a breakdown of the premium being paid.



Benefits of Long-Term Care Insurance

Key Policy Features

Benefit amount. This is the amount that will be payable should you need care. Benefits are typically expressed in daily, weekly, or monthly amounts, with a lifetime maximum that may be calculated by multiplying the total number of days in the benefit period by the daily benefit amount (often called a “pooled benefit”). The daily benefit amount generally ranges from \$50 to \$350. The lower the benefit selected, the lower the premium.

Benefit period. This is the length of time your policy will pay long-term care benefits. Benefit periods often last for two to six years, but can cover a lifetime. The longer the benefit period, the higher the premium.

Benefit triggers. Under most policies, you’ll qualify for benefits when you are chronically ill or are cognitively impaired and need help with at least two out of six activities of daily living (typically, bathing, continence, dressing, transferring, feeding, and toileting). Some policies add a third trigger: medical necessity (a doctor determines if you need care due to injury or illness).

Elimination (waiting) period. This is the number of days you must pay for your own care before the policy begins paying benefits; it could be up to 180 days. The longer the elimination period, the lower the premium.

Types of facilities included. The policy describes the settings and facilities in which care can be provided. Although you can purchase lower-cost, bare-bones policies that cover only nursing-home expenses, many policies will cover care in a variety of settings, including your own home, an assisted-living facility, an adult day-care center, and a nursing home.

Inflation protection. With inflation protection, your benefit will increase by a certain percentage every year. Inflation protection is an optional feature and will make your premium rise significantly, but it’s important to have this protection if you want your coverage to keep pace with rising costs.

Waiver of premium. This insurance provision lets you stop paying the premium once you’re eligible and the insurance company starts paying benefits.

Guaranteed renewable. Most policies are guaranteed renewable, which means they cannot be canceled as long as you pay the premiums on time and have been honest about your health on the application.

Nonforfeiture benefit. If your policy has a nonforfeiture benefit and you drop the coverage, you’ll receive some value for the money you’ve paid into the policy.

Many other policy provisions may be available that may affect the premium you pay. Your insurance agent or a financial professional can answer any questions you have about policy features and benefits.

Benefits of Long-Term Care Insurance

Comparing Long-Term Care Insurance Policies

Use this checklist as a general guideline when comparing long-term care policies so you can find a policy that best meets your needs.

Features and Benefits	Policy A	Policy B
Name of insurance company		
Financial rating strength of company		
Daily benefit preferred		
Elimination period before benefits begin		
Benefit period preferred		
What types of care are covered? (e.g., skilled, intermediate, custodial, home care)		
What service locations are included in the base policy? (e.g., nursing home, assisted-living facility, own home, adult day care, hospice)		
Are Alzheimer's disease and other organic mental and nervous disorders covered?		
What benefit triggers apply? (e.g., ADLs, cognitive assessment, physician certification)		
Additional benefits included? (e.g., respite care, bed reservation)		
Is there a waiver-of-premium provision (and, if so, how long must I be confined before premiums are waived)?		
Is there a nonforfeiture benefit?		
Is there a restoration of benefits provision?		
What is the maximum lifetime benefit?		
What exclusions apply?		
Are pre-existing conditions covered?		
What does the base policy cost?		
How much does an inflation rider cost?		
How much do other riders cost?		
What is the total annual premium?		
Is the policy tax qualified?		



Preview

More Methods to Help Pay for Care



Hybrid Life Insurance Policies and Deferred Annuity Contracts with Long-Term Care Benefits

Some insurance products combine the benefits of either life insurance or a deferred annuity with a linked benefit or an add-on rider designed to aid in the reimbursement of long-term care expenses. So if you don't use the long-term care feature, you'll still have either a death benefit payable to beneficiaries or an annuity that can be used to supplement your income or leave to heirs.

A long-term care rider attached to a permanent life insurance policy allows you to tap into the account value for long-term care benefits while you are living. Hybrid life insurance policies combine permanent life insurance and long-term care coverage; many of these policies require a substantial upfront premium. For the same premium, a hybrid policy typically has a smaller death benefit than a life policy with a rider, but payouts for covered long-term care expenses could be greater than the death benefit.

Optional long-term care riders, accelerated benefit riders, and chronic illness or critical illness riders may serve as suitable alternatives for some people, but the benefits are typically less generous than with traditional long-term care insurance policies. Any payouts for covered long-term expenses would reduce, and are usually limited to, the annuity value or the death benefit that would go to heirs.

If you are considering this option with life insurance, you should have a need for life insurance and evaluate the policy on its merits as life insurance. Optional benefit riders are available for an additional cost and are subject to the contractual terms, conditions, and limitations outlined in the policy; they may not benefit all individuals.

The cost and availability of life insurance depend on factors such as age, health, and the type and amount of insurance purchased. Before implementing a strategy involving life insurance, it would be prudent to make sure that you are insurable. As with most financial decisions, there are expenses associated with the purchase of life insurance. Policies commonly have mortality and expense charges. In addition, if a policy is surrendered prematurely, there may be surrender charges and income tax implications.

Annuities are insurance contracts that pay a lump sum or an income stream over a certain period of time. Generally, annuities have mortality and expense charges, account fees, investment management fees, administrative fees, and possible surrender charges during the early years of the contract. Withdrawals prior to age 59½ may be subject to a 10% penalty. The earnings portion of annuity withdrawals is taxed as ordinary income.

Insurance and annuity products are not insured by the Federal Deposit Insurance Corporation or any other federal government agency. Any guarantees are contingent on the financial strength and claims-paying ability of the issuing insurance company.

More Methods to Help Pay for Care

Tax-Free HSA Distributions for Long-Term Care

A health savings account (HSA) could assist with long-term care funding. HSAs allow you to set aside money on a tax-advantaged basis specifically to cover current and future health-care costs.

You can establish and contribute to an HSA only if you are enrolled in a high-deductible health plan (HDHP), are not covered by someone else's health insurance plan, and cannot be claimed by someone else as a dependent.

- **Contributions are made on either a pre-tax or tax-deductible basis**
- **Account funds grow on a tax-deferred basis**
- **Withdrawals used for qualified medical expenses are tax-free**

HSAs offer the opportunity to invest in longer-term vehicles with growth potential (although many require you to reach a certain amount within the account before investing beyond the most conservative options). *All investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful.*

Many people aren't aware that tax-free withdrawals from an HSA can be used to pay for qualified long-term care insurance premiums (within age-based limits) and to pay qualified long-term care expenses. (Assisted-living costs, however, are not considered a "qualified medical expense.")

Once you enroll in Medicare, you can no longer contribute to an HSA. But when you reach age 65, you can make penalty-free withdrawals from an HSA for any reason. However, withdrawals used to pay nonqualified (nonmedical) expenses are subject to ordinary income tax. HSA contributions and earnings may or may not be subject to state taxes.

Next Steps

By planning now for your own future long-term care needs or those of aging family members, you're taking a vital step toward preserving your independence and the financial well-being of your entire family. If you wait until you're older or your health deteriorates, your options may become more limited and/or significantly more expensive.

Planning in advance will help you and your loved ones avoid making emotional decisions that could lead to family conflicts and result in inadequate care.

Here's a list of next steps to take:

- **Explore services and costs in your area**
- **Assess your finances**
- **Compare options with the help of qualified professionals**
- **Meet with an attorney to prepare health-care directives**
- **Talk to your family about your long-term care plans**

Are Your Legal Documents Up to Date?

A financial power of attorney, a medical power of attorney, a living will, a will, and trusts are some of the documents that typically make up an estate plan.

Health-care directives offer a way to retain some control over your own care, even if you face serious health issues. They allow you to outline your wishes for care and to designate someone to make decisions on your behalf.

State rules governing these documents can vary, so it's wise to find a qualified estate planning attorney who has an understanding of federal and state tax laws and elder law.

Figuring Out Your Net Cash Flow

How much discretionary income do you have available after your monthly obligations are met? Can you account for where the money goes? Some people are surprised at the amount they should be able to save and invest each month but don't. Analyze your cash flow for the current month. Because income and expenses can vary from month to month, you may wish to estimate your cash flow through all 12 months or take a 12-month average.

Monthly Income	
Wages, salary, tips	\$
Alimony, child support	\$
Dividends from stocks, mutual funds, etc.	\$
Interest on savings accounts, bonds, CDs, etc.	\$
Social Security benefits	\$
Pensions	\$
Other income	\$
TOTAL MONTHLY INCOME	\$

Monthly Expenses			
Mortgage payment or rent	\$	Other transportation	\$
Vacation home mortgage	\$	Life insurance	\$
Automobile loan(s)	\$	Homeowners insurance	\$
Personal loans	\$	Automobile insurance	\$
Charge accounts	\$	Medical, dental, disability insurance	\$
Federal income taxes	\$	Unreimbursed medical, dental expenses	\$
State income taxes	\$	Entertainment/dining	\$
FICA (Social Security)	\$	Recreation/travel	\$
Real estate taxes	\$	Club dues	\$
Other taxes	\$	Hobbies	\$
Utilities (electricity, heat, water, telephone, etc.)	\$	Gifts	\$
Household repairs and maintenance	\$	Major home improvements and furnishings	\$
Food	\$	Professional services	\$
Clothing/laundry	\$	Charitable contributions	\$
Education expenses	\$	Other expenses	\$
Child care	\$	TOTAL MONTHLY EXPENSES	\$
Automobile expenses (gas, repairs, etc.)	\$		

NET CASH FLOW	
Total monthly income	\$
Total monthly expenses	\$
Discretionary monthly income <i>(Subtract your expenses from your income)</i>	\$

How much of your discretionary monthly income are you investing or saving each month?

\$ _____

Figuring Out Your Net Worth

Your net worth is the value of all your assets minus all your liabilities. It provides a snapshot of your overall financial health. By tracking your net worth over time, you might become motivated to save more, spend less, and invest for the future.

Tangible Assets	
Residence	\$
Vacation home	\$
Furnishings	\$
Automobiles	\$
Rental real estate	\$
Art, jewelry, or other valuables	\$

Debt Assets	
U.S. government bonds and agency securities	\$
Municipal bonds	\$
Corporate bonds	\$
Face amount certificates	\$
Debt mutual funds	\$

Equity Assets	
Qualified retirement funds	\$
Stocks	\$
Equity mutual funds	\$
Variable life insurance (cash value)	\$
Variable annuities	\$
Limited partnerships	\$
Business interests	\$

Cash and Cash Alternatives	
Checking accounts	\$
Savings accounts	\$
Money market funds	\$
Certificates of deposit	\$
Other cash reserve accounts	\$
TOTAL ASSETS <i>(Add tangible, equity, fixed principal, debt assets, and cash)</i>	\$

Fixed-Principal Assets	
Fixed-interest annuities	\$
Life insurance (cash value)	\$
Other assets	\$

Liabilities	
Home mortgage	\$
Other mortgage	\$
Automobile loans	\$
Bank loans	\$
Personal loans	\$
Charge-account debt	\$
Other debts	\$
TOTAL LIABILITIES	\$

NET WORTH	
Total assets	\$
Total liabilities	\$
NET WORTH <i>(Subtract your liabilities from your assets)</i>	\$

Set a goal for yourself.

What would you like your net worth to be in 5 years? \$ _____

What would you like it to be in 10 years? \$ _____

What to Bring

Please bring the following documents to your complimentary, no-obligation consultation:

1. _____

2. _____

3. _____

4. _____

5. _____

Preview

Your consultation is scheduled for:

Date

Time

