A Comprehensive Long-Term Care Plan Covers More Than Costs

The term “retirement planning” means different things to different people. For younger adults, it is generally thought of as planning FOR retirement, which is mostly about saving enough to build a retirement nest egg. For those who are closer to their retirement years, saving for retirement is still important — especially if you are behind on your savings plan — but other aspects of planning start to become important as well, including thinking about ways to cover the cost of any long-term care needs that may arise in the future.

Long-term care is generally thought of as services designed to meet a person's health or personal care needs over an extended period, helping them live as independently and safely as possible when they can no longer perform activities of daily living on their own. Long-term care services can be exorbitantly expensive, depending on the level of care. And if such care is needed over several years, for example, the costs can really add up. Even those who have done a good job of saving for retirement may find their savings are depleted much quicker than anticipated due to the cost of long-term care.

For most people, the right time to begin planning for long-term care, which likely includes a discussion about long-term care insurance and other options, is in their mid- to late fifties or early sixties. Buying long-term care insurance coverage at a younger age typically means you will pay a lower premium, but you will end up paying for a longer time. Buying that same policy when you are older usually means a much higher premium, but it will be paid over a shorter period. For this reason, securing a long-term care insurance policy when you are in your mid- to late fifties or early sixties tends to strike the right balance between these two scenarios in terms of cost.

However, a popular misconception is that long-term care insurance equates to having a long-term care plan. Long-term care insurance can be a very important component of a long-term care plan, protecting a lifetime of hard-earned savings from being depleted by the exorbitant costs of extended long-term care services. It can also help you avoid liquidating your assets and relying on Medicaid for support. Yet, long-term care insurance is only one part of what should be a much broader plan that addresses not only the cost of care but also access to care.

Rounding out your long-term care plan

Planning for access to care involves researching and contemplating the options that are available if your health and/or unexpected— to help make this transition as manageable and life-affirming as possible. For example, do you have family members nearby who are available, willing, and equipped to serve in a caregiving role if necessary? Have you clearly communicated what steps you would like your family to take if your health or mobility were to decline significantly? Are you familiar with the senior care providers in your area, including both in-home care providers and care facilities? Have you prepared a

living will, healthcare powers of attorney, and other important legal documents that can help guide your heirs or other trusted individuals to plan for your needs and wishes?

These are just a few of the many questions that need to be addressed as part of a complete long-term care plan. Postponing decisions about your potential future care needs often defers the task to adult children or other family members who, operating in "crisis" management mode," may not have the resources, flexible schedule, or emotional capacity to take on this responsibility.

Where you live today matters

When planning for access to care, keep in mind that where you live today is also an important consideration. Even while you are still healthy and independent, the setting in which you live can play a role in the type of care and support to which you readily have access.

For example, suppose your situation changes suddenly due to an unexpected health emergency. If you are living in your own home, the care available to you may look quite different than it would if you are living in a retirement community that also has on-site care. Also, Is your neighborhood safely walkable, and are there options for recreation and physical activity? Would you be able to continue to access these social opportunities, activities, and amenities should your mobility decline?

Getting started with your plan

Solidifying your long-term care plan — and all the factors that go into it — can seem overwhelming at first. It can be helpful to begin by making a list that includes important tasks like creating estate planning documents and mobility were to change significantly — especially if that change were sudden and discussing your long-term wishes with loved ones, including what you would like them to do if your condition suddenly declines. You should also research various senior living options to weigh the pros and cons against staying in your own home.