

Women Need to Start Planning for Their Long-Term Care

Long-term care refers to services which help people with a chronic illness or disability who cannot care for themselves for long periods of time. The costs of care associated with a chronic illness or disability include services such as help with activities of daily living at home—bathing, dressing, and eating, and for a long-term stay in a nursing facility.

Women especially need to plan for their future care because they are more likely to live longer and outlive family members. They need to devise a strategy as part of their retirement planning for their daily care in old age.

Long-term care considerations

One important fact to know right off the bat is that Medicare does not cover most long-term care costs. A lot of people realize this too late. You should also know that long-term care services are expensive. The average lifetime cost of long-term care for women who reach age 65 and need care is \$240,000.¹ So how can you figure out a long-term care plan? First, don't be in denial. A recent poll examined how people 40 and over are preparing for this difficult and often expensive reality of aging. Two-thirds of people surveyed say they've done little to no planning around their future long-term care.

One way to help pay the costs of care associated with old age is to purchase long-term care insurance. The premiums, however, can be pricey. The amount depends on the type of policy and how old you are when you buy it. The average annual premium in 2010 at age 50 was just under \$2,300.²

Buying long-term care insurance is also becoming trickier. Several major insurance carriers are no longer selling new long-term care policies – although they still service the policies they already sold. Some policy holders and even state retirement systems have already had to raise premiums for the ones they've already sold.³ The nation's biggest seller of long-term care insurance, Genworth, has introduced the nation's first long-term care insurance policy with gender-based pricing. And because women are more likely to need



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long-term care, rates for women will be higher than the rates charged for men. However, Genworth will still sell a policy that has "gender-blended" rates. It is unknown whether other insurers will follow suit or whether states will allow long-term care insurance pricing to be gender-based. (Some products like life and auto insurance are priced that way while other products like health insurance are not.)

Why insurers are leaving the market

The same financial risks that women face in preparing for retirement are among the reasons for changes in the insurance market. Women's longevity also means they are more likely to live alone in old age. Both factors drive up long-term care costs. The majority of nursing home and assisted living residents are women, as are the majority receiving in-home care.⁴

Some experts point to poor pricing of long-term care insurance policies when they first came onto the market as a reason insurance companies are moving away from offer-

Long-Term Care continued on page 5

From WISER's President



Dear Readers,

When WISER talks with women about retirement, we often talk about the unique challenges women face that put them at greater risk for poverty in old age. Topping the list is the fact that women are more likely to live longer than men and to live alone at some point in their later years. We call this the "longevity risk" because women are at-risk of outliving their savings. For this reason, it is critical that women plan for how they will manage their long-term care needs. It starts by asking yourself some tough questions about what resources you have, where you will live, who will be available to help care for you, and whether long-term care insurance is a good option. In this issue, we will highlight some key things you need to know and consider when planning for your long-term care. Whether your retirement is 30 years away or just around the corner, the best time to start planning is now.



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Information from the WISER/Administration on Aging's National Education & Resource Center on Women & Retirement Planning

New Report on Senior Designations for Financial Advisers

The Consumer Financial Protection Bureau (CFPB) recently released a report, *Senior Designations for Financial Advisers: Reducing Consumer Confusion and Risks*. The report, released after a year-long study by the Office of Financial Protection for Older Americans, found more than 50 different types and titles of senior financial designations that financial advisers use to market their services. Confusion about the training and certifications among advisors makes seniors a target for false advertising and for scams from phony advisers.



The report makes several recommendations to Congress to help improve the ability of older consumers to assess the numerous "senior designation" titles. One important recommendation is to have the Securities and Exchange Commission launch an online tool that would allow seniors to check that an adviser has the senior-specific certification necessary to deal with their issues. The report also found the need for high-level training and education for advisers and recommends that state regulators establish minimum standards for advisers who want to use the senior designation. For the full report visit: www.consumerfinance.gov/reports

Calculate Basic Living Costs in Retirement



An online tool from Wider Opportunities for Women (WOW) can help you figure out the typical costs people age 65 and over have for housing, food, transportation, health care and miscellaneous expenses. The Elder Economic Security Standard Index (Elder Index) allows you to compare costs in the county you're currently living in to other locations. Try it out at www.wowonline.org/ourprograms/eesi/eess.asp

New Resource for Older Job Seekers

The National Council on Aging launched JobSource, an online portal to help older adults assess their work skills, identify job training opportunities, and find employment. Visit www.benefitscheckup.org/jobsource

Save a Trip and Time Too: Social Security Services Online

Anyone receiving any type of Social Security benefit or Supplemental Security Income payment can now get a benefit verification letter online at www.socialsecurity.gov.

The letter can be obtained instantly once you set up an online account. The letter serves as proof of income to secure loans, mortgages and other housing and state or local benefits, or to prove current Medicare health insurance coverage, retirement or disability status, and age. SSA processed nearly nine million requests for benefit verification letters in the past year. See page 6 for more information about online services.

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Women Over 50: Time To Get Wise About Long-Term Care

As our population ages, more Americans will need long-term care services. But for millions of American women, the long-term care burden is heavier. Women are the primary care providers. In fact, 67% have already given long-term care to someone in need—frequently without pay and at a cost to their own health and incomes. Then, because women live longer, many of us will face our own long-term care needs unassisted and with inadequate financial resources.

It is now more important than ever for woman to know the facts about long-term care and create a personal strategy that addresses the financial, legal, medical and residential needs for the years ahead. Visit longtermcare.gov to go through it step-by-step with easy tools and links to helpful resources in your area.

The Top 7 Myths About Long-Term Care and Planning For It

Myth #1: I won't need it.

Approximately 70% of Americans over 65 will need some kind of long-term care services as they age. It may be due to an illness, chronic disease or disability. But often, the care is required because of the natural decline due to aging of one's eyesight, hearing, strength, balance or mobility.

Most long-term care services include help with Activities of Daily Living (ADLs) that are non-medical, such as getting in and out of bed and walking, bathing and showering, dressing, eating, and bowel and bladder management.

Myth #2: It means an insurance policy.

Many people confuse "long-term care planning" with "long-term care insurance plans," but they are not the same. Insurance is just one of many options people consider for covering the costs of long-term care. But, long-term care planning means developing your personal strategy and making decisions now for how you want a range of things to be handled later when you or a loved one is in need of long-term care services.

Typically, your long-term care strategy should consider where you would live, how you would pay for care, get-

ting legal documents in order, such as an advanced care directive, and discussing your decisions and preferences with family members.

Myth #3: Medicare, Medicaid or other government programs will pay for it.

Medicare does not cover the long-term care services people most often need—help with the Activities of Daily Living. It does cover rehabilitative care and home nursing visits, and durable medical equipment such as hospital beds and wheelchairs.

If your income is below a certain level, if you have very little in financial assets and if you meet minimum state eligibility requirements, Medicaid may pay for long-term care services. However, Medicaid is administered by states and its services and eligibility vary across the country. Applying for Medicaid requires disclosure of assets, including the value of your home, and income over a five year "look-back" period.

The Department of Veterans Affairs (VA) pays for long-term care services for service-related disabilities and for certain other eligible veterans. Visit www.va.gov to see available programs and services.

Women Over 50: Time To Get Wise About Long-Term Care

The Top 7 Myths About Long-Term Care and Planning For It, *continued*

Myth #4: It's too soon or too late for me to plan.

The best time to create your long-term care strategy is before you actually need long-term care. If you're over 50, there's no time like now to begin. But, even if you are in the midst of receiving services for yourself or another family member, it's still helpful to go through the planning steps. That way, you can be better informed, prepared and in control of decisions that lie ahead.

Myth #5: No one knows how much it will cost.

Long-term care is more expensive than most people think, and you will likely be responsible for paying out of your own pocket for the care you need. To calculate an estimate of what your costs could be, visit www.longtermcare.gov.

Because there are many kinds of long-term care services and supports, there is a wide range of costs depending on the type of care, where it is given and by whom. People are using a variety of ways to meet these costs, including long-term care insurance, annuities, savings and reverse mortgages.

Myth #6: My current home is the best place to age.

Most people prefer to stay in their home or apartment for as long as possible. But, whether your home is "aging friendly" depends on its condition, whether it can be modified for a wheelchair or to have a bedroom, bath and kitchen on one floor with no stairs. The layout of an aging friendly home will help you avoid a fall, often the event that begins the need for long-term care.

Another option is to move to a community or facility that is more supportive of long-term care needs. Consider the level of services you need now vs. down the road.



Would you prefer a series of moves as your care needs grow, or one move to a community that offers a full spectrum of care options? And between staying put or moving, which choice is better for your finances now and in the future?

Myth #7: My family will take care of me.

Unpaid family members are the most common source of long-term care help. But, they may not be able to provide all the care you need, or be there every hour of the day. As part of your long-term care strategy, look into caregiving services in your area, including in-home care providers and elder daycare centers. Find out about elder shuttles, meals on wheels and other low-cost services offered in your community.

Also, be sure to involve close family members in your long-term care planning. Make sure they are willing and able to be caregivers for you. Go over your Advanced Care Directive (also known as a living will) so they will know who is designated to make health decisions for you if you are unable to do so, and what actions you do/do not wish to be taken.

Start now. Start here:

► www.longtermcare.gov

This excellent government information resource takes you step-by-step through every aspect of creating your long-term care strategy. There are easy tools to help you focus on what to do now vs. later, and links to resources in your area for financial, legal and long-term care services and supports.

Take your first step to a better old age. Use the PathFinder tool now at longtermcare.gov

Cliff Hanger: The Congressional Long-Term Care Commission

The “Fiscal Cliff” legislation, passed New Years Day, included the repeal of the Community Living Assistance Services and Support (CLASS) Act. The legislation also established a new Long-Term Care Commission, with the goal to “develop a plan for the establishment, implementation, and financing of a comprehensive, coordinated, and high quality system that ensures the availability of long-term services and supports for individuals in need of such supports and ser-



vices, and individuals desiring to plan for future long term care needs.”

The 15-member panel consists of nine members chosen by Democrats and six chosen by Republicans. Members were chosen to reflect the interests of recipients of care, their caregivers, long-term care insurance companies and state medical officials.

The panel is scheduled to complete its work within six months. Congress is not required to vote on the panel’s recommendations. ☒

Long-Term Care

continued from page 1

ing them. According to this theory, the premiums charged are not covering the cost of care. Other experts disagree and point to historically low interest rates as the bully chasing insurers from the playing field. Long-term care insurance policies are highly sensitive to interest rates, with low rates wreaking havoc with insurance companies’ investment returns.

Whatever the reason, the fact remains that long-term care insurance is going to be more complicated and perhaps harder to come by. Does that mean you should run out and buy a policy now? Not necessarily. But you should come up with a strategy for how you’ll pay for your long-term care down the road.

Here are some other considerations:

- ☒ **Will you be able to use your home to help pay for long-term care costs?** Consider whether your home will be worth enough to cover long-term care expenses. And think about how you would leverage the equity in your home – selling it? A line of credit? Or possibly consider a reverse mortgage?
- ☒ **Will you qualify for Medicaid?** This is the federal-state health insurance program for people with low-income

and few assets. Medicaid will cover long-term care costs if you qualify although the settings and services of care can be limited. (Learn more about Medicaid eligibility at www.longtermcare.gov.)

- ☒ **How much help can you expect from family?** Millions of older people rely on unpaid care provided by family members. Is this a likely scenario for you? Would family care be your primary source of support or a supplement to paid care? (Either way, you need to have that conversation with your family early and often.)
- ☒ **If you are considering long-term care insurance, do you know if you can qualify?** You may not qualify if you have an existing chronic health problem or are already using long-term care services. If you *can* qualify, can you afford the premium? Can you afford the premiums if they increase? Recognize that the premium may go up, and the increase may be significant.

Whether long-term care insurance is right for you is a question only you can answer. The important thing is to get a handle on what long-term care could cost you, and how you’re going to cover it. And planning sooner is always better than later, or not at all! ☒

1 Eileen J. Tell and Nancy Morith. *Long-Term Care Insurance: Benefits, Costs, Options*. National Academy on an Aging Society. Public Policy and Aging Report. Volume 23, No. 1.

2 Ibid.

3 Jane Gross. *The New Old Age. For Women, Reduced Access to Long-Term Care Insurance*. *The New York Times*. February 6, 2013.

4 American Association for Long-Term Care Insurance. *Long-Term Care: Important Information for Women*. Retrieved April 1, 2013. <http://www.aaltci.org/long-term-care-insurance/learning-center/for-women.php>

Did You Know?

A recent poll found that two-thirds of Americans say they’ve done little to no planning around their future long-term care.

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A QUARTERLY NEWSLETTER FROM THE
WOMEN'S INSTITUTE FOR A SECURE RETIREMENT

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New! Online Social Security Services

Earlier this year, the Social Security Administration (SSA) expanded the range of its online services available to over 60 million Social Security beneficiaries and recipients. These new services allow persons receiving benefits or payments to obtain a benefit verification letter, and review their payment history and earnings record instantly using a personal online account. Social Security and Medicare beneficiaries can also change their address and start or change direct deposit information online.

Anyone age 18 and older with a valid email address, Social Security Number and U.S. mailing address can sign up for an account at www.socialsecurity.gov/myaccount. A step-by-step guide to establishing an online account is available at www.socialsecurity.gov/pubs/10540.pdf.

The online statement provides convenient access to your personal Social Security earnings and benefit information, and estimates of future benefits to use for your financial and retirement planning. The portal also includes links to information about other online services, such as applications for retirement, disability and Medicare. Persons unable to establish an online account may visit an SSA local office for assistance. Locate the office nearest to you using SSA's Field Office Locator service at www.socialsecurity.gov. 

WISER's Mission

To improve the long-term financial security of all women through education and advocacy. As the only organization to focus exclusively on the unique financial challenges that women face, WISER supports women's opportunities to secure fair pensions and adequate retirement income through research, workshops, and partnerships.

Next Issue: Claiming Social Security Benefits and Guaranteed Lifetime Benefits 