

What's The Deal With...



Long-Term Care

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Preface by Jack Tatar, Author of *Safe 4 Retirement* and *Having the Talk*

What's The Deal With Long-Term Care?



by
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Preface

By Jack Tatar

One of the benefits of being the publisher and owner of People Tested Publications is that I can suggest titles for our “**What’s the Deal with..**” series of books. This book that you’re reading was based on one of those suggestions and I’m glad that Mike has decided to write this book.

For those familiar with my books including *Having the Talk: The Four Keys to Your Parents’ Safe Retirement*,¹ it will come as no surprise that discussing Long-Term Care is a necessary part of any retirees’ plan. As we move forward into a world of increasing healthcare costs, uncertainty about health insurance plans and a need to preserve the assets that we’ve worked hard for, the need to discuss and evaluate Long-Term Care as an option in your financial plans is even more critical.

When I met Mike Padawer, I knew that I had the right person to write this book. Mike runs an advisory firm that specializes in advising not only retirees and their families on Long-Term Care options and plans, but financial advisors as well. He understands the importance of considering

¹ Jack’s books are available on Amazon at <http://Jack.PeopleTested.com>

Long-Term Care plans for individuals, and he also understands that there is a lot of confusion, skepticism and outright misinformation in the marketplace on this topic as well.

That's why he has spent his career educating and assisting individuals, families and advisors on this topic so that everyone can make an educated and thorough decision on this important topic.

We're fortunate that Mike has distilled his knowledge and approach to Long-Term Care planning into this book. The intent of this book is not to provide you with everything you need to know about Long-Term Care plans, but rather to give you what you need so that you can have an informed and knowledgeable discussion with a trusted advisor who can find the best solution for you and your own situation.

You should never make a final decision on something as important as Long-Term Care from reading a book. The only decision that you should make after reading this book is whether or not you'll have that discussion with an advisor about this important topic.

Mike has not only included his expertise into the pages of this book but he's provided resources that will help you to move forward on learning more about the topic and taking the next steps.

I can speak from my own experience that the decision and discussions about Long-Term Care planning are often complex and stressful. They involve thinking about the possibility that you or a loved one may become incapacitated and require extensive care in your later years. They also include the reality of how the costs for this care can not only

deplete the assets that you've worked hard for, but how these costs can disrupt even the best designed financial plans and turn your heirs' assets into paying for long term facilities.

When I considered Long-Term Care for my wife and I, we were stunned at the costs and complexity involved. I was also fortunate to have a trusted advisor who was knowledgeable about the subject and knew my situation very well. Although it took him much time to educate us and answer all of our questions, his patience and direction paid off.

At the end of the process, I was amazed at the feeling that we came away with after my wife and I had made our decision on Long-Term Care solutions; it was the feeling of "peace of mind" that we had.

I hope that all of you who read this book will not only benefit from Mike's knowledge and resources, but that it helps to lead you to a place where you too, can have "peace of mind" on a topic that has become so important and necessary to discuss and evaluate—Long-Term Care planning.

Fortunately for you, you have something that I didn't have—this book.

Jack Tatar is author of three books that are changing how people view retirement.

His first, "Safe 4 Retirement: The Four Keys to a Safe Retirement"² lays out his foundational approach to viewing retirement in a holistic fashion by including the Four Keys: Financial Preparedness, Health & Wellness, Mental Attitude and Staying Involved into plans for retirement.

² <http://www.Safe.PeopleTested.com>

His second book, “The 10 Joys of a Safe Retirement”³ examines the way that living longer and thriving in retirement can bring joy to your life, and to those around you. His latest book is “Having The Talk: The Four Keys to Your Parents’ Safe Retirement”⁴, which lays out the need and plan for having that necessary “talk” between retired or retiring parents, and their children and family about later life issues. He writes regularly for Marketwatch.com as one of their RetireMentors.⁵

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3 <http://www.Joys.PeopleTested.com>

4 <http://www.Talk.PeopleTested.com>

5 <http://www.marketwatch.com/retirement/mentors/stories?authorid=21194>



What's The Deal With Long-Term Care?

Death, Taxes, and Rising Healthcare Costs

We all know the saying “*nothing in life is certain except death and taxes*”, but maybe it's time to modify it to “*nothing in life is certain except death, taxes and rising health care costs*”?

Based on almost everything you read or hear today, a majority of Americans agree with my revision. Whether this applies to you, your parents or other family members, it's time to face reality and begin planning for a future full of unknowns—including rising healthcare costs.

Fidelity Investments issued their annual study on health-care cost and concluded that “*a 65-year-old couple retiring in 2013 is estimated to need \$220,000 to cover medical expenses throughout retirement*” and “*households relying on Social Security benefits to cover these costs should expect medical bills to consume 61% of their social security payments by 2027.*” What's even more concerning is the fact that the study “*does not include any costs associated with nursing-home*

care and applies to retirees with traditional Medicare insurance coverage.”⁶

Usually, discussions about healthcare costs in retirement focus solely on Medicare, as this is the primary insurance coverage for Americans over age 65. However, I strongly encourage people to gain a better understand what Medicare actually covers, especially since some of the most expensive healthcare services facing retirees will be those associated with Long-Term Care.

Long-Term Care includes a variety of services, which help meet both the medical and non-medical needs of those with a chronic illness or disability, or who cannot care for themselves for long periods of time. It is common for Long-Term Care to provide custodial and non-skilled care, such as assisting with normal daily tasks like dressing, bathing, and using the bathroom. Increasingly, Long-Term Care involves providing a level of medical care that requires the expertise of skilled practitioners to address the often multiple, chronic conditions associated with older populations.

Long-Term Care can be provided at home, in the community, in assisted living facilities or in nursing homes. Although Long-Term Care may be needed by people of any age, it is a more common need for individuals in their later years.

Unfortunately, most Americans relying on Medicare mistakenly believe Long-Term Care is covered; when in reality, it's not!

Not only is Long-Term Care one of the most misunderstood elements of healthcare costs, it's also one of the largest

6 Fidelity Investments: “*Retiree health costs fall*”, <https://www.fidelity.com/viewpoints/retirees-medical-expenses>, May 15, 2013

potential financial risks that all Americans face. According to Kevin McGarry, director of the Nationwide Institute for Retirement Income, *“one reason people may underestimate the amount of money needed to cover their health care costs in retirement is that many workers do not think they will ever need long-term care”*.⁷

Unfortunately, he’s correct, and even those with optimistic views of the future should recognize the need for a more proactive approach to this issue. For those turning 65 right now, the statistics vary on what percentage will need care and for how long. But, according to the Employee Benefit Research Institute, 30 to 40 percent of those reaching age 65 will use nursing home care at some point.⁸ Taking it a step further, when you include home health care, assisted living or community based care for retirees, the U.S. Department of Health & Human Services estimates that 70% of Americans will experience the need for Long-Term Care services.⁹

Another report, which appears in the Journal of General Internal Medicine, surveyed 3,209 Medicare beneficiaries from 2002 to 2008. Their findings illustrate the financial ramifications of this issue: average out-of-pocket expenditures in the five years prior to death were \$38,688 for individuals and \$51,030 for couples. This is primarily due to the costs associated with Long-Term Care needs. The final paragraph of the report puts things into perspective: *“As more Baby Boomers retire, a new generation of widows or widowers could face*

7 Nationwide Insurance: *“Study: Nearly half of soon-to-be-retired, high-net-worth Americans “terrified” of health care costs in retirement”*, May 7, 2013

8 Employee Benefit Research Institute: *“Effects of Nursing Home Stays on Household Portfolios”*, June 2012, Issue #372

9 U.S. Department of Health and Human Services website, <http://longtermcare.gov/the-basics/who-needs-care/>

*a sharply diminished financial future as they confront their recently-depleted nest egg following the illness and death of a spouse.”*¹⁰

While no one can control the rising cost of healthcare, it is possible to put yourself in a position to mitigate future financial risks associated with healthcare. For most Americans though, simply putting money aside will not be sufficient to offset rising healthcare and Long-Term Care costs.

It's likely that you envision yourself living a long life, investing and planning to create a financially secure future where you can enjoy retirement by spending time doing the things that you enjoy the most.

If this is your goal, your **COMPREHENSIVE** retirement, financial, estate or risk management plan should address the impact that Long-Term Care may have on your planning, your family, and your future.

This book will help you to not only understand the issues and solutions around Long-Term Care, but how to include Long-Term Care into your financial and retirement plans for you and your family's future.

10 Journal of General Internal Medicine: *“Healthcare costs hit the elderly hard, diminish financial well being”*, September 4, 2012

Just What is Long-Term Care?



With a “retirement boom” to continue for the next twenty years, planning for those retirement years is critically important; and there may be no greater threat to a comfortable retirement than the need for **Long-Term Care**.

Nearly 70% of Americans over age 65 will need some form of Long-Term Care as they age, yet studies show that fewer than 10% of Americans have completed any Long-Term Care Planning whatsoever.

You need to consider Long-Term Care for any retirement planning that you do!

But what is Long-Term Care? Do I need it? How do I find the right solution?

The goal of this book is to help you – **the consumer** – become better educated about Long-Term Care and Long-Term Care Planning, and after reading it, you should be prepared to move forward with planning for yourself or your family.

This book will provide you with answers to the following:

- What Long-Term Care is and why it’s critically important to plan for it
- The physical, financial and emotional impact of Long-Term Care
- Understanding healthcare in retirement and the myths of Medicare/Medicaid
- Initiating and successfully moving through the planning process
- Long-Term Care Plan designs and options to customize your plan
- Tax-Advantages to compliment other financial & retirement planning
- Tips for working with the right Long-Term Care Planning specialist
- And helpful resources for Long-Term Care Planning

Mike Padawer has more than two decades of experience in the financial services arena; including roles in retail, wholesale and sales management functions. He is a highly sought after expert on Long-Term Care by individuals, advisors and institutions.

