

FINANCIAL SECURITY PLANNING SERVICES, INC. SM



Market Thoughts & Long-Term Care Stats

September 2018

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Market Thoughts for September 2018

Brad McMillan, Commonwealth's Chief Investment Officer, recaps the market and economic news for August. It was another good month here in the U.S., with the stock market up across the board. The economy, consumer confidence, and hiring all continued to grow. This growth is translating into corporate profits as well, with 80 percent of companies beating expectations. Still, September is a historically volatile month, and the midterm elections may cause some turbulence. Will these strong fundamentals help carry us forward? Tune-in to find out.



We hope you enjoy this month's video.

75 Statistics About Long-Term Care

By Christine Benz at MORNINGSTAR®

"If there's a single unsolved problem in the retirement plans for many middle-and upper-middle-income adults, it's what to do about long-term care costs later in life."

Very high-income, high-net-worth people can plan to self-fund long-term care costs, though I'd advise them to do the math on long-term care cost inflation before getting too comfy with the idea that they'll have enough to do so. Meanwhile, people without significant financial assets will need to rely on Medicaid-provided long-term care. That's most people: Medicaid and other government programs cover the majority of the long-term care costs in the U.S.



Sandwiched in the middle are people with some, even significant, financial assets--just not necessarily enough to comfortably fund a \$300,000 (or more) long-term care outlay at the end of their lives. For them, the choices are stark and rather unappealing. They could purchase traditional long-term care insurance and risk premium hikes. Alternatively, they could purchase one of the increasingly popular hybrid life/long-term care products and face an opportunity cost, as discussed here. Or they could forego insurance altogether, planning to self-fund care or use nonportfolio assets, such as a home sale, to cover any long-term care costs.

If you're among the people who are still on the fence about what to do, the best way to make smart decisions is to go into the process armed with the facts. How likely are you to need long-term care and for how long? What does long-term care cost, and what does it cost to insure against it?

The enclosed data helps you answer these questions and more. Here is a link to the full article: [75 Must-Know Statistics About Long Term Care](#)

Usage of Long-Term Care

52%: Percentage of people turning age 65 who will need some type of long-term care services in their lifetimes.

47%: Estimated percentage of men 65 and older who will need long-term care during their lifetimes.

58%: Estimated percentage of women 65 and older who will need long-term care during their lifetimes.

2.5 years: Average number of years women will need long-term care.

1.5 years: Average number of years men will need long-term care.

14%: Percentage of people who will need long-term care for longer than five years.

10%: Percentage of Americans over age 65 who have Alzheimer's dementia.

33%: Percentage of Americans over age 85 who have Alzheimer's dementia.

64%: Percentage of Americans with Alzheimer's dementia who are women.

123%: Percentage increase in the number of people who died from Alzheimer's dementia, 2000-2015.

-11%: Percentage decrease in the number of people who died from heart disease, 2000-2015.

22%: Percentage of individuals over 65 in the highest income quintile who will have a long-term care need of two years or longer.

31%: Percentage of individuals over 65 in the lowest income quintile who will have a long-term care need of two years or longer.

45%: Percentage of people requiring significant long-term care help (assistance

with two or more activities of daily living) who are under age 65.

8%: Percentage of people between the ages of 40 and 50 who will have a disability that will require long-term care services.

Paying for Care



\$30 billion: Long-term care expenditures in the U.S., 2000.

\$225 billion: Long-term care expenditures in the U.S., 2015.

57.5%: Percentage of individuals turning 65 between 2015 and 2019 who will spend less than \$25,000 on long-term care during their lifetimes.

15.2%: Percentage of individuals turning 65 between 2015 and 2019 who will spend more than \$250,000 on long-term care during their lifetimes.

\$341,840: Estimated lifetime cost of care for someone with dementia.

\$18,200: Median annual cost for adult day care (five days/week), 2017.

\$45,000: Median annual cost for assisted-living facility, 2017.

\$85,775: Median annual nursing-home cost, semiprivate room, 2017.

\$97,455: Median annual nursing-home cost, private room, 2017.

\$215,770: Average annual nursing-home cost, private room, Manhattan, 2017.

\$51,100: Average annual nursing-home cost, private room, Monroe, Louisiana, 2017.

\$23,394: Median annual income from all sources for individuals who are 65 or older.

\$39,823: Median annual income for households headed by people 65 or older.

3.8%: Five-year annual inflation rate in nursing-home costs, private room, 2017.

5.5%: One-year annual inflation rate in nursing home costs, private room, 2017.

19%: Percentage of long-term care costs that were paid out of pocket, 2013.

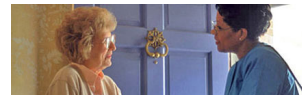
8%: Percentage of long-term care costs that were paid by private insurance, 2013.

\$263,200: Median household wealth for adults age 65 or older with no disabilities.

\$94,200: Median household wealth for adults age 65 or older with limitations on two or more activities of daily living.

Caregiving

34.2 million: The number of Americans who have provided unpaid care to an adult 50 or over in the past 12 months.



16.1 million: The number of caregivers for someone with Alzheimer's or other dementia.

\$470 billion: The estimated dollar value of long-term care provided by unpaid caregivers, 2013.

65%: The percentage of caregivers who are female.

33%: Approximate percentage of caregivers to people with Alzheimer's/other dementias who are daughters.

25%: Approximate percentage of caregivers who are "sandwich generation" caregivers, providing care to children as well as older adults.

34%: The percentage of caregivers who are age 65 or older.

33%: The percentage of people providing care to people age 65 or older who describe their own health as fair or poor.

83%: Percentage of care provided to older adults that is delivered by friends or family members.

65%: The percentage of older adults with long-term care needs who rely exclusively on friends and family members to provide that assistance.

34.7: Average number of hours worked by unpaid caregivers who have jobs in addition to caregiving.

70%: The percentage of caregivers who suffered work-related difficulties due to their caregiving duties.

36%: The average percentage of caregivers for people age 50 or older who said they were experiencing high levels of financial strain.

10%: The estimated percentage of older adults who have suffered from some form of elder abuse.

7%: The estimated percentage of elder-abuse cases that are reported to authorities.

State and Federal Funding

51%: Percentage of long-term care services and supports that were provided through Medicaid, 2013.

20%: Percentage of long-term care services and supports that were provided through other public sources, 2013.

62%: Percentage of nursing home residents whose care is provided by Medicaid.

20%: Percentage of Medicaid funding that went to pay long-term care costs in 2016.

50%: Expected increase in Medicaid spending for long-term care between 2016 and 2026.

\$123,600: Maximum amount of assets that a healthy spouse can retain for the other spouse to be eligible for long-term care benefits provided by Medicaid, 2018. (Actual amounts vary by state.)

\$3,090: Maximum amount of monthly income that a healthy spouse can receive for the other spouse to be eligible for long-term care benefits provided by Medicaid, 2018. (Actual amounts vary by state.)

100: Days of care in a skilled nursing facility ("rehab") covered in full or in part by Medicare following a qualifying hospital stay.

Long-Term Care Insurance

125: Number of insurers offering standalone long-term care policies, 2000.

Fewer than 15: Number of insurers offering standalone long-term care policies, 2014.

380,000: Number of individual long-term care insurance policies sold, 1990.

129,000: Number of individual long-term care insurance policies sold, 2014.

72,736: Number of hybrid life/long-term care policies sold to individuals, 2009.

305,068: Number of hybrid life/long-term care policies sold to individuals, 2013.

4.5 million: Number of individuals with long-term care insurance coverage, 2000.

7.25 million: Number of individuals with long-term care insurance coverage, 2014.

\$1.98 trillion: Maximum potential benefit of all long-term care policies in force today.

\$1.87 billion: Annual claims on long-term care insurance policies, 2000.

\$9.2 billion: Annual claims on long-term care insurance policies, 2017.

\$1,677: Average annual premium, long-term care policies being sold, 2000.

\$2,772: Average annual premium, long-term care policies being sold, 2015.

99%: Percentage of new long-term care policies that cover both nursing home and in-home care.

0.5%: Percentage of all businesses offering long-term care insurance to their employees.

20%: Percentage of businesses with 10 or more employees offering long-term care insurance to their employees.

13.9%: Percentage of applicants ages 50-59 denied long-term care coverage due to health issues.

44.8%: Percentage of applicants ages 70-79 denied long-term care insurance due to health issues.

I hope this information is helpful to you. Please contact my office for more information on long-term care and beginning the application process.

My staff and I deeply appreciate the continuing opportunity to work with you.

Sincerely,

Paul S. Bonapart, JD, RFC, AIF®, President

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