

Long-Term Care Planning Guide

What you need to know before you need it — prepared by Balcones Advisors



What Is Long-Term Care?

Long-term care (LTC) includes a range of services for people who need help with everyday activities — bathing, dressing, eating, mobility, medication management — due to chronic illness, disability, or cognitive impairment like dementia.

LTC is **not covered by regular health insurance or Medicare** (except for very limited skilled nursing stays). That's the gap most people don't discover until it's too late.

Types of Long-Term Care

TYPE	WHAT IT COVERS	TYPICAL COST (ANNUAL)
In-Home Care	Aides help with daily activities in your home	\$55,000 – \$65,000
Adult Day Care	Supervised care during daytime hours	\$20,000 – \$25,000
Assisted Living	Residential facility with personal care services	\$55,000 – \$70,000

Nursing Home (Semi-Private)	24/7 skilled nursing in a shared room	\$95,000 – \$110,000
Nursing Home (Private)	24/7 skilled nursing in a private room	\$110,000 – \$130,000
Memory Care	Specialized care for Alzheimer's/dementia	\$65,000 – \$90,000

Source: Genworth Cost of Care Survey. Costs vary significantly by region.

How to Pay for Long-Term Care

Option 1: Traditional Long-Term Care Insurance

- Pays a daily or monthly benefit when you need care
- Covers home care, assisted living, nursing home, and more
- Premiums may increase over time
- "Use it or lose it" — no death benefit if you never need care
- **Best for:** People who want maximum LTC coverage at the lowest initial cost

Option 2: Hybrid / Linked-Benefit Policies

- Combines life insurance or an annuity with LTC benefits
- If you need care: policy pays for LTC
- If you don't need care: beneficiaries receive a death benefit
- Premiums are typically fixed (won't increase)
- Usually requires a lump sum or limited-pay premium
- **Best for:** People who want guarantees regardless of whether they need care

Option 3: Self-Funding


- Pay for care out of savings, investments, or asset liquidation
- Requires significant assets (\$500K+ earmarked for potential LTC)
- No premium cost, but unlimited financial exposure
- **Best for:** High-net-worth individuals who can absorb 3-5 years of care costs without impacting their spouse's standard of living

⚠️ Medicaid is not a plan. Medicaid only covers LTC after you've spent down nearly all your assets. Relying on Medicaid means impoverishing yourself — and potentially your spouse —

before receiving help.

When Should You Buy LTC Insurance?

AGE	CONSIDERATIONS
40s	Lowest premiums. Easiest to qualify medically. Long runway before you'd use it.
50s	Sweet spot for most people. Premiums are reasonable and health conditions haven't emerged yet.
Early 60s	Still possible but premiums are higher. Medical underwriting is stricter. Don't wait past this.
Late 60s+	Difficult to qualify. Pre-existing conditions may disqualify you. Premiums may not make financial sense.

 **The ideal time:** Buy in your mid-50s. You're old enough to take it seriously and young enough to qualify at reasonable rates. Every year you wait, premiums go up and your odds of disqualification increase.


Key Questions to Ask Your Advisor

- What's my daily/monthly benefit amount, and is it enough for my area?
- How long is the benefit period? (2 years? 3 years? Lifetime?)
- What's the elimination period? (How many days before benefits kick in?)
- Does the policy include inflation protection? (Critical for buying early)
- What triggers benefits? (Usually inability to perform 2 of 6 "activities of daily living")
- Can premiums increase? Under what circumstances?
- Does the policy cover home care, or only facility care?
- Is there a waiver of premium once I'm receiving benefits?
- What's the financial strength (AM Best rating) of the carrier?

Next Steps

- Have an honest conversation with your family about long-term care preferences
- Estimate your potential LTC costs using Genworth's Cost of Care calculator

- Review your current assets — can you self-fund \$300K+ of care without impacting your spouse?
- Get quotes on both traditional and hybrid policies
- Compare at least 3 carriers — benefits, premiums, and carrier stability
- Schedule a free consultation with Balcones Advisors to review your options

 **Let's talk.** Long-term care planning is personal. We'll review your situation, compare your options, and help you make a confident decision — at no cost to you. Visit balconesadvisors.com or call to schedule.