

# Plan early for long-term care

Most will need it at some point, so explore options

**K**aren Thomas has learned the hard way about the harsh realities of long-term care.

Three years ago, her mother was diagnosed with Alzheimer's, and the doctor said she could not return home. "I had never given it a thought that my mom one day would need long-term care," says Thomas, who lives in Atlanta. "I'm a professional business woman, and yet I did not know where to begin. It was completely overwhelming."

Since then, she has had to sort through the expensive maze of long-term care options for her mother. Thomas and her husband, Don, also realized they shouldn't put off planning for their own long-term care.

Americans now put health problems at the top of their retirement worries, says a recent Bank of America Merrill Lynch Retirement Study. Yet it's not a subject that people spend much time thinking about.

"But if you've done no planning or thinking about it, the likelihood is that the decision will be made (in) a crisis situation," says Sally Hurme, elder law attorney for AARP. Because middle-class families face the biggest financial squeeze, they don't have as many options.

Although long-term care insurance could help protect their retirement nest eggs, it is typically too expensive for the middle class.

Even if they qualify for Medicaid, they can't count on it. Thomas' mother lived on limited means and did qualify, but when she needed Medicaid, she was put on a waiting list.

While Thomas' mother waited, the couple helped to pay for the personal-care home where she received around-the-clock care. "But to fork out \$1,000 extra every month was not in our budget," Thomas says. "That (put) a big dent in our savings."

Thomas, then the CFO of a large frozen-food company, decided to change her career so she would not have to work 70 hours a week or travel out of town often for business.

Now, because she is CFO of a nonprofit organization, she is able to stop by and see her mother every morning on her way to work. At her new job,

**Christine Dugas**  
USA TODAY

**"If you've done no planning or thinking about it, the likelihood is that the decision will be made (in) a crisis situation."**

Sally Hurme, elder law attorney for AARP

she was instrumental in starting a long-term care insurance policy for the non-profit's employees.

"The circumstances that occurred in my life gave me the opportunity to make things better for my entire organization," she says. Now she and Don can pay a portion of the insurance premium, making it affordable.

Americans need to start planning for health care needs in retirement before it's too late. At least 70% of people over age 65 are going to need long-term care, research shows.

## SAFEGUARDING YOUR NEST EGG

Long-term care insurance is one of the few ways to protect retirement savings.

But it's not cheap. The average insurance premium for those ages 55 to 64 was \$2,261 a year for policies sold in 2010, according to a 2012 AARP report.

Long-term care premiums are not locked in, so the cost can increase over time, says Byron Udell, founder and president of AccuQuote. People often don't like to buy a long-term care insurance policy because if they never need it, their money goes down the drain.

There is no cookie-cutter solution. "A lot of it comes down to figuring out your budget and your biggest risks," says Steve Sperka, Northwestern Mutual vice president of long-term care. If long-term care insurance seems too expensive, you can decide to insure only a portion of the risk. At least you would have some retirement security, he says.

The insurance industry also has begun to offer hybrid products that address some concerns. For example, some life insurance policies have a rider for long-term care insurance. If the policyholder never needs long-term care, the family receives the life insurance benefit.

## SHOPPING FOR LONG-TERM CARE

Many people associate long-term care with nursing homes. They are extremely expensive because they provide 24-hour care. Fortunately, most people have short nursing home stays, because the average national cost for a private room in a nursing home is \$83,950 per year, according to a Genworth 2013 Cost of Care Survey.

Home care is much less expensive,



MICHAEL A. SCHWARZ, USA TODAY

and most people would prefer to stay at home as long as possible. Family members are responsible for finding and paying for a caregiver to take a parent to a doctor's appointment or shop for groceries. They also may need a home health aide to help with bathing, dressing and making sure the elderly person is taking medication.

Some family members contact a home care agency for help. It can make them feel more secure, because the agency has screened the caregiver and is liable for their acts, says Robyn Grant, the director of public policy and advocacy at the National Consumer Voice for Quality Long-term Care, which provides information about the types of services available.

There are also a number of websites that help families find reliable and affordable home care, such as CareFamily.com, CareLinx.com and AARP Care Scout Service.

Because CareFamily.com is very tech-savvy and automated, its costs are much lower, says founder Tom Knox. Compared with agencies that,

**Karen Thomas, CEO and managing partner of Labor of Love Adult Care, assists her mother, Willeane Romaine, 83, at Labor of Love Adult Care in Flowery Branch, Ga.**

on average, charge \$21 an hour, it charges about \$14 an hour, with \$12 of that going to the caregivers. The service is particularly helpful to family members who live far away from their parents. CareFamily.com makes it easier to hire a caregiver, remotely provide lists of things to do and receive audio updates from the caregiver during the day.

After learning so much about long-term care services, Karen Thomas decided to rely on a personal-care home for her mother. It provides a cozy home with supervision and assistance. But when the home closed and the owner moved, Thomas was not successful in finding a similar place.

Instead, they decided to buy their own personal-care home. They hired a staff and manager. Since the doors opened last November, it is filled to capacity with six residents.

"We provide services that big assisted-living facilities offer and yet maintain the more affordable prices of a personal-care home," she says. "And it's wonderful to have my mother there."