A MAJOR CONCERN EXPRESSED BY RETIREES

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Many of our retired clients and many retiree's comments in retirement journals, indicate the biggest overlooked area in their planning for retirement was not considering long term care costs.

The latest costs for long term care, according to the Elder Law Report, Fall 2011, is an average of $87,000 a year for private nursing home and $78,000 a year for semi private. Assisted living facility rates are averaging $42,000 a year. Statistics still say that nearly 50% of us will need care before death with an average stay of two-and-a-half years.

As we indicate in seminars, there are only three ways to handle these staggering costs. One, don't worry about it until the time comes and hope for family or government assistance. As we all know, government assistance programs are more and more difficult to access and most people are very concerned about burdening families.

Two, consult with an elder care attorney to determine how to protect assets and become eligible for government programs. This approach may involve disposing of assets entirely. Not too many folks are interested in voiding themselves of their asset base and restrictions apply to some of these avenues.

Third, consider insuring to cover some or all of the costs. Depending on the age at the time of purchase, this way could be fairly costly, as well. But, a fairly new development in many states across the country would make this last option viable.

That option by the states is called "Partnership State." Briefly, the state indicates, if an individual purchases insurance to cover a certain amount of long-term care cost, the state will allow that person to keep that same amount in assets and still access the state government long-term care programs, referred to by most states as Medicaid.

For example, if the individual purchases insurance to cover $200 a day for three years of the cost of long-term care (that would be a total of $219,000) and the insurance comes into play and is exhausted, the state will allow that person to keep $219,000 in assets and still draw state long-term care benefits, Medicaid.

Seems to be a “win, win” to us. The state may not have to provide any benefits because the insurance will and the individual may not have to give up assets if the insurance is exhausted.

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Individual situations will vary and this option may not be appropriate for all retirees. Please note this benefit is not available in all states and may vary from state to state. It is important to check with the state in which you reside prior to making any decisions.