

# Long Term Care Planning 101



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# The Rising Demand for Services and Supports for the Elderly

App. 34 million family & friends provide unpaid care in 2015

The median cost to the daughter's well-being of providing care to an elderly mother ranged from \$144,302 to \$201,896 over 2 years

80% of all long-term care is still provided by family members and friends

Institutional LTC care is **declining**

Residential & community care is **increasing**

Estimates suggest that informal care cost **\$277 billion in 2011**

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<https://agsjournals.onlinelibrary.wiley.com/doi/10.1111/jgs.15552>





# Long Term Care

## Activities of Daily Living Skills

Assistance provided to people with functional or cognitive limitations to help them perform routine daily activities such as: Bathing, Dressing, Toileting, Transferring, Ambulating, Eating

## Instrumental Activities of Daily Living

Managing Medications, Transportation, Meal Preparation, Housekeeping and Companionship

# Where is Long Term Care Provided?

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In Home Care (majority of care is private pay)

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Adult Day Care Centers

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Continuing Care Retirement Community

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Residential Care Facilities

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Skilled Nursing Facilities



# **MEDICARE & HOME HEALTH**

**Ordered by a physician**

**Rehabilitative in scope**

**Short term therapy  
visits**

**Limited duration**

**Hospice Care**

**Not Custodial**



# MEDICARE & SKILLED NURSING

Admitted after a 3 day hospital

Rehabilitative

100 day maximum stay

- 20 days at 100%
- 21-100 \$152 co-pay

*The average Medicare pays is 22.5 days*

**NO coverage for care in Residential Care or Dementia Care Facilities**

# Annual Cost of Care in California 2021-2046

<b>Homemaker services</b>		
2021		\$73,216
<b>2046</b>		<b>\$153,298</b>
<b>Home health aide</b>		
2021		\$73,216
<b>2046</b>		<b>\$153,298</b>
<b>Adult Day Health Care</b>		
2021		\$22,100
<b>2046</b>		<b>\$46,272</b>
<b>Assisted Living Facility</b>		
Private, one bedroom		
2021		\$63,000
<b>2046</b>		<b>\$131,908</b>
<b>Nursing Home Care</b>		
Semi-private room		
2021		\$117,530
<b>2046</b>		<b>\$246,082</b>
Private room		
2021		\$146,000
<b>2046</b>		<b>\$305,692</b>

# Traditional LTCI- “Pay as You Go”

Shared Care



**Inflation Protection**  
5% Compounded vs.  
3% Compounded vs.  
5% Simple vs.  
BIO Step-up vs.  
Benefit Builder

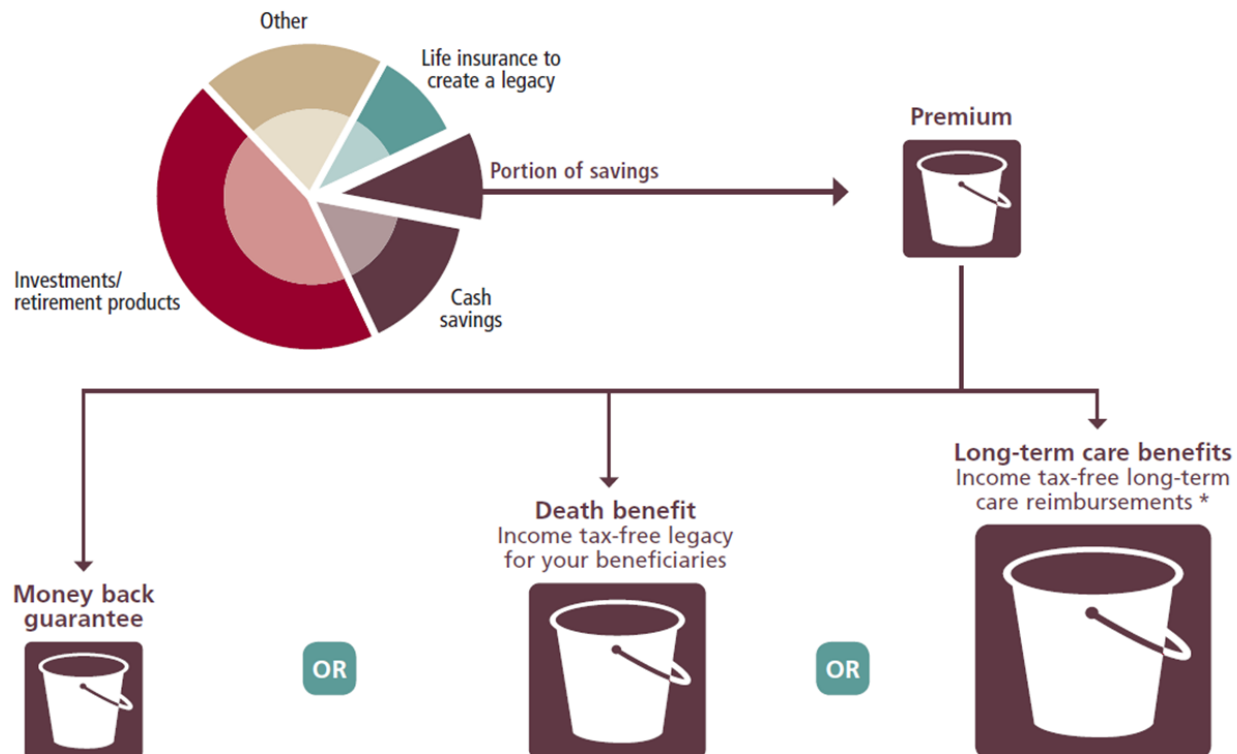
Home Care Dollars

Assisted Living Dollars

Skilled Nursing Home Dollars



# HYBRIDS/Combination Life & LTCI



# SELECTING YOUR LTC BENEFITS

**1.** Determine how much the cost of care is today. Select a daily or monthly benefit to cover a portion of the cost of care. *Start at \$5,000 pr. Mo.*



**2.** Determine your pool maximum or duration. The average LTC benefit is paid for 3-5 years. This is called “benefit duration” or “pool value.” *Start at 200-250K*

**3.** Select an inflation rider 2% or 3% compounded is standard.

**4.** Select the elimination period. Don’t count on Medicare to pay for home care or care in an assisted living. The average number of days Medicare will pay in a SNF is 22.5 days per person. *Most people select a 90 day deductible.*

# "Traditional" LTCL Premiums

**\$5,000 Monthly**  
**\$200,000 Pool Max** (at least 3+ yrs.)

**3% COLA    90 Day  
Deductible**

- Age 55    M \$1,746    F \$2,856
- Age 60    M \$1,992    F \$3,313
- Age 65    M \$2,469    F \$4,061
- Age 70    M \$3,220    F \$5,097
- Age 75    M \$4,226    F \$7,385

# “Triggering Benefits”

## **How/When Are Benefits Paid?**

Unable to perform without stand-by or hands on assistance 2 of 6 ADL's:  
Eating, Bathing, Dressing, Toileting, Continence, Transferring

OR

Supervision and assistance due to cognitive impairment

**70% of all benefits are paid at home or in an assisted living facility**

**Average length of claim is 3- 5 yrs.**

**Policies follow the care continuum and the changing needs of the family**

**Many policy holders will wait too long to file a claim because they do not understand their benefits**

**Most couples will delay a claim out of duty and resolve to provide care to their spouse**



# Who Should Have LTCI?

- Woman
- Single Individuals
- Limited Family Support
- Legacy & Gifts
- Medi-Cal is not an option
- Family Medical History of Dementia
- Ages 50-75



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