



Five Questions about Long-Term Care



Long-term care is not just provided in nursing homes--in fact, the most common type of long-term care is home-based care.

1. What is long-term care?

Long-term care refers to the ongoing services and support needed by people who have chronic health conditions or disabilities. There are three levels of long-term care:

- **Skilled care:** Generally round-the-clock care that's given by professional health care providers such as nurses, therapists, or aides under a doctor's supervision.
- **Intermediate care:** Also provided by professional health care providers but on a less frequent basis than skilled care.
- **Custodial care:** Personal care that's often given by family caregivers, nurses' aides, or home health workers who provide assistance with what are called "activities of daily living" such as bathing, eating, and dressing.

Long-term care is not just provided in nursing homes--in fact, the most common type of long-term care is home-based care. Long-term care services may also be provided in a variety of other settings, such as assisted living facilities and adult day care centers.

2. Why is it important to plan for long-term care?

No one expects to need long-term care, but it's important to plan for it nonetheless. Here are two important reasons why:

The odds of needing long-term care are high:

- Approximately 70% of people will need long-term care at some point during their lifetimes after reaching age 65*
- Approximately 8% of people between ages 40 and 50 will have a disability that may require long-term care services*

The cost of long-term care can be expensive:

For many, the cost of long-term care can be expensive, absorbing income and depleting savings.

Some of the average costs in the United States for long-term care* include:

- \$6,235 per month, or \$74,820 per year for a semi-private room in a nursing home
- \$6,965 per month, or \$83,580 per year for a private room in a nursing home
- \$3,293 per month for a one-bedroom unit in an assisted living facility
- \$21 per hour for a home health aide

*U.S. Department of Health and Human Services, December 1, 2016

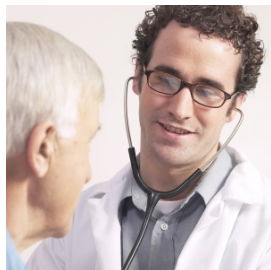
3. Doesn't Medicare pay for long-term care?

Many people mistakenly believe that Medicare, the federal health insurance program for older Americans, will pay for long-term care. But Medicare provides only limited coverage for long-term care services such as skilled nursing care or physical therapy. And although Medicare provides some home health care benefits, it doesn't cover custodial care, the type of care older individuals most often need.

Medicaid, which is often confused with Medicare, is the joint federal-state program that two-thirds of nursing home residents currently rely on to pay some of their long-term care expenses. But to qualify for Medicaid, you must have limited income and assets, and although Medicaid generally covers nursing home care, it provides only limited coverage for home health care in certain states.

4. Can't I pay for care out of pocket?

The major advantage to using income, savings, investments, and assets (such as your home) to pay for long-term care is that you have the most control over where and how you receive care. But because the cost of long-term care is high, you may have trouble affording extended care if you need it.



Understandably, many people put off planning for long-term care. But although it's hard to face the fact that health problems may someday result in a loss of independence, if you begin planning now, you'll have more options open to you in the future.

5. Should I buy long-term care insurance?

Like other types of insurance, long-term care insurance protects you against a specific financial risk--in this case, the chance that long-term care will cost more than you can afford. In exchange for your premium payments, the insurance company promises to cover part of your future long-term care costs. Long-term care insurance can help you preserve your assets and guarantee that you'll have access to a range of care options. However, it can be expensive, so before you purchase a policy, make sure you can afford the premiums both now and in the future.

The cost of a long-term care policy depends primarily on your age (in general, the younger you are when you purchase a policy, the lower your premium will be), but it also depends on the benefits you choose. If you decide to purchase long-term care insurance, here are some of the key features to consider:

- **Benefit amount:** The daily benefit amount is the maximum your policy will pay for your care each day, and generally ranges from \$50 to \$350 or more.
- **Benefit period:** The length of time your policy will pay benefits (e.g., 2 years, 4 years, lifetime).
- **Elimination period:** The number of days you must pay for your own care before the policy begins paying benefits (e.g., 20 days, 90 days).
- **Types of facilities included:** Many policies cover care in a variety of settings including your own home, assisted living facilities, adult day care centers, and nursing homes.

- **Inflation protection:** With inflation protection, your benefit will increase by a certain percentage each year. It's an optional feature available at additional cost, but having it will enable your coverage to keep pace with rising prices.

Your insurance agent or a financial professional can help you compare long-term care insurance policies and answer any questions you may have.

Deductions for Long-Term Care Insurance Premiums: 2016 & 2017

Age	2016 Limit	2017 Limit
40 or under	\$390	\$410
41-50	\$730	\$770
51-60	\$1,460	\$1,530
61-70	\$3,900	\$4,090
70+	\$4,870	\$5,110

Non-deposit investment products offered through RBC Wealth Management are not FDIC insured, are not a deposit or other obligation of, or guaranteed by, a bank, and are subject to investment risks, including possible loss of the principal amount invested.

The information contained herein is based on sources believed to be reliable, but its accuracy cannot be guaranteed. Professional Trustee Services are offered to RBC Wealth Management clients by different entities who may serve as trustee. RBC Wealth Management will receive compensation in connection with offering these services. Neither RBC Wealth Management nor its Financial Advisors are able to serve as trustee. RBC Wealth Management does not provide tax or legal advice. All decisions regarding the tax or legal implications of your investments should be made in connection with your tax or legal advisor. RBC Wealth Management is not a mortgage lender or broker. Nothing herein should be construed as an offer or commitment to lend. Any calculations are provided as educational tools, and are not intended to provide investment advice or serve as a financial plan. The result of any calculation performed is hypothetical and does not assume the effect of fees, commissions, tax rates, or changes in interest rates or the rate of inflation, and is not intended to predict or guarantee the actual results of any investment product or strategy. These results depend wholly upon the information provided by you and the assumptions utilized within. In selecting an anticipated investment return, you should consider factors affecting the potential return, such as investment objectives and risk tolerance. The articles and opinions in this advertisement, prepared by Broadridge Investor Communication Services, Inc., are for general information only and are not intended to provide specific advice or recommendations for any individual.

RBC Wealth Management, a division of RBC Capital Markets, LLC, Member NYSE/FINRA/SIPC.