Wealth Path FINANCIAL

RETIREMENT INCOME · LONG-TERM CARE

Paying for Care Without Draining the Estate

A nursing home now runs $129,575 a year. Most couples have no plan for that except to spend everything they saved. There is a third option, and almost nobody explains it properly.

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THE PROBLEM

The plan most couples have is hope

Ask a retired couple what happens if one of them needs care for three years, and you will usually get a version of the same answer: we'll figure it out.

They are not being careless. They have thought about it, decided the insurance looked expensive, and quietly concluded they will pay out of savings if it comes to that. That is a real plan, and for some households it is the right one. But it is worth being precise about what it means.

It means the survivor inherits whatever is left after the bills stop. It means the money you set aside for a spouse, for children, for a church or a grandchild's education is the money that will be spent first, because there is nothing else standing in front of it. And it means the largest financial decision of your last years gets made under pressure, by a family in a hospital corridor, rather than calmly at a kitchen table while everyone is healthy.

This guide is about making that decision now instead — and about a way of handling it that most people have simply never had explained to them.

> **What this guide will not do**
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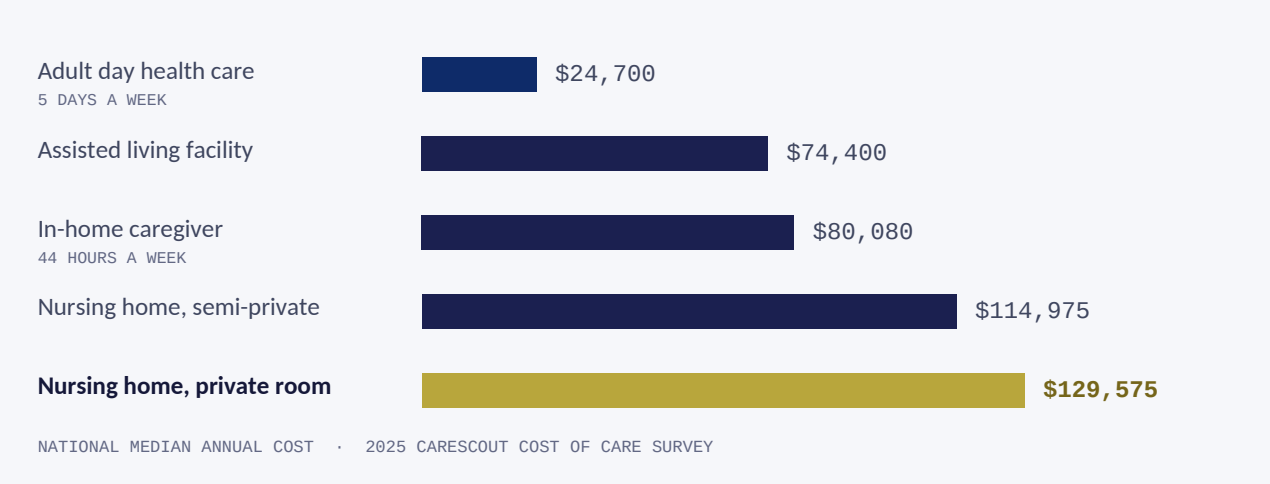
> It will not tell you that you need long-term care insurance. Plenty of people should self-fund, and I will say so when that is the honest answer. What it will do is show you the actual numbers, the three real options, and the specific questions that separate a good contract from a bad one.

THE NUMBERS

What care costs right now

These are national medians for 2025, published by CareScout in March 2026. Costs in your state may be materially higher or lower — Louisiana and Mississippi sit below these figures; much of Florida sits at or above them.



Source: 2025 CareScout (Genworth) Cost of Care Survey, released 2 March 2026. National medians. In-home figure assumes 44 hours of care a week; adult day health care assumes five days a week.

Two things about that chart deserve a second look. The first is that in-home care — the option almost everyone says they would prefer — costs more per year than an assisted living facility, once you are at 44 hours a week. Staying home is not the cheap option; it is the expensive one.

The second is the direction of travel. Nursing home and assisted living costs rose again this year, and have risen in most years for two decades. Whatever number frightens you today, plan against a larger one.

Run your own arithmetic

Three years of nursing home care at today's private-room median is roughly $388,725. Three years of assisted living is roughly $223,200. Now ask what removing that amount from your accounts would do to the income the survivor is left living on.

THE ODDS

How likely, and for how long

The federal government tracks this, and the figures are more nuanced than either the insurance industry or the sceptics tend to admit.

70%	3.7 yrs	2.2 yrs	20%
Chance someone turning 65 today needs some long-term care	Average duration of need for women	Average duration of need for men	Will need care for longer than five years

Source: U.S. Administration for Community Living, acl.gov. One third of today's 65-year-olds may never need long-term care support at all.

What those numbers actually tell you

- This is not a rare event. Seven in ten is closer to a coin flip than to a catastrophe you can dismiss.
- Most needs are measured in years, not decades. The average case is survivable for a household with real savings — it is the tail that does the damage.
- One in five going past five years is the number that matters. That is the case that consumes an estate, and it is the case worth insuring against, not the average one.
- Women carry more of this risk, and usually carry it alone — a wife is more likely to spend down the joint estate caring for her husband first, and then face her own longer need with what is left.

> **The planning question is not 'will I need care'**
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> It is: if I turn out to be the one in five, what happens to the person I leave behind? Everything in the rest of this guide is aimed at that question.

Medicare does not cover this. Medicaid costs you everything first.

Medicare

Medicare covers medical care. Long-term care is largely custodial care — help with bathing, dressing, eating, moving around — and Medicare does not cover custodial care. What it does cover is a limited stay in a skilled nursing facility following a qualifying hospital admission: generally up to 100 days, with the first 20 fully covered and a daily coinsurance applying from day 21, and only for as long as you are actively improving. It is a rehabilitation benefit, not a long-term care benefit. Families discover this distinction at the worst possible moment, usually around day 21.

Medicaid

Medicaid does pay for long-term care, and it is the largest payer of nursing home care in the country. But it is a needs-based programme with income and asset limits that vary by state, and you generally reach it by spending down what you have. Transfers made to get under the limits are subject to a look-back period — five years in most states — and gifts inside that window can trigger a penalty period during which Medicaid will not pay. Facility choice is also narrower, because not every facility accepts Medicaid beds.

None of this is a criticism of the programme. It is a safety net, and it works as one. It is simply not an estate plan, and treating it as one usually means the healthy spouse spends the household's savings first and inherits the constraint afterwards.

> **Where good planning actually happens**
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> Between 'write a cheque for everything' and 'qualify for Medicaid' there is a wide middle. That middle is where a few hundred thousand dollars of family money is either preserved or lost, and it is decided years in advance, while everyone is still healthy enough to have options.

THE THREE OPTIONS

Every household picks one of these, on purpose or by default

	Self-fund	Traditional LTC insurance	Asset-based LTC
If you need care	Savings pay the bill dollar for dollar, until they don't	Policy pays up to its daily and lifetime benefit limits	Pays a multiple of what you repositioned, often 2 to 3 times
If you never need care	The money stays yours	Premiums paid are gone	Passes to heirs as a death benefit, or returns under the contract's terms
Can the cost rise?	The cost of care certainly can	Yes — carriers have raised premiums on existing policyholders repeatedly	Typically funded once, with the cost fixed at issue
Who it suits	Very large estates, or households with nothing left to protect	Those who want maximum benefit per premium dollar and accept rate risk	Those with a lump sum sitting idle who want it to do more than one job
Main drawback	Unlimited exposure; falls hardest on the surviving spouse	Use-it-or-lose-it, and the rate-increase history is real	Ties up a lump sum, and requires health underwriting

There is no universally correct column. The question is which risk you would rather carry: the risk that you spend a large premium on coverage you never use, the risk that a care event consumes your estate, or the opportunity cost of committing a lump sum to a contract.

How asset-based long-term care works

The idea is simple enough to explain in one sentence: instead of paying premiums for coverage you may never use, you move money you already have into a contract that pays for care if you need it and pays your heirs if you do not.

The money usually comes from somewhere it is already sitting quietly — a CD earning very little, an old annuity nobody has looked at in years, a savings account holding more than it needs to. It is repositioned, not spent.

The life-insurance version

You fund a life insurance policy with a long-term care rider, either as a single premium or over a set number of years. The policy carries a death benefit larger than what you put in, and the long-term care rider lets you draw that death benefit down while you are alive to pay for care — often at a multiple of the premium. If care is never needed, the full death benefit goes to your beneficiaries income-tax-free under current law. Most versions also include a return-of-premium provision, so you can change your mind under the contract's stated terms.

The annuity version

You fund an annuity that carries a long-term care benefit, usually paying two to three times the account value if you qualify for care. Underwriting is typically much lighter than for a life-based policy — often a phone interview rather than a medical exam — which makes this the practical route for people who have already been declined elsewhere. If care is never needed, the account value remains yours and passes to your beneficiaries.

> **Three jobs, one pool of money**
>
> Care if you need it. A death benefit if you don't. Access to the money under the contract's terms if your circumstances change. That is the reason people who dismissed traditional long-term care insurance are usually willing to look at this — nothing is wasted on coverage that goes unused.

What has to happen before it pays

Every long-term care benefit, in every product, is governed by the same three mechanics. Understand these and you can evaluate any contract put in front of you.

1 **The benefit trigger**

You generally qualify when a licensed health practitioner certifies that you cannot perform two of the six activities of daily living without substantial assistance — bathing, dressing, eating, transferring, toileting, continence — or that you have a severe cognitive impairment such as Alzheimer's. Cognitive impairment alone qualifies; you do not need to fail the ADL test as well.

2 **The elimination period**

A waiting period, commonly 90 days, during which you pay for care yourself before benefits begin. Ask whether it is measured in calendar days or service days — the difference can be months — and whether it has to be satisfied once or once per claim.

3 **The benefit limits**

A monthly or daily maximum and a total lifetime maximum. Ask whether unused monthly benefit carries forward, whether the benefit is reimbursement or indemnity — indemnity pays the full amount regardless of what care cost that month — and whether inflation protection is included or costs extra.

And check what counts as care

Not every contract treats settings the same way. Confirm in writing that in-home care, assisted living, adult day care, memory care and skilled nursing are all covered, and at what percentage of the benefit. A policy that pays 100% for a nursing home and 50% for care at home is a materially different product from one that pays 100% for both — and home is where most people actually want to be.

YOUR NUMBERS

What a care event would cost your household

Fill this in before your next conversation with anyone, including me. Five lines, and it tells you whether you have an exposure worth insuring.

1. Liquid savings and investments, excluding your home

2. Annual cost of care where you live
   Use the chart on page 2, or your own local quotes.

3. Years of care to plan for
   Three is a reasonable planning figure. Five is the case that does the damage.

4. Total exposure (line 2 × line 3)

5. What is left for the survivor (line 1 − line 4)

Line 5 is the whole conversation

If line 5 still supports the surviving spouse comfortably, you can self-fund and you should stop reading. If line 5 is uncomfortable — or negative — then you have found a real exposure, and it is worth fifteen minutes to look at what repositioning a portion of line 1 could do about it.

Three questions to ask before you buy anything

- What is the total benefit pool, in dollars, and how does it grow over time?
- What exactly do I get back if I never need care, and what do I get back if I change my mind in year three?
- What is the carrier's financial strength rating, and why this carrier over a higher-rated one?

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NO COST · NO OBLIGATION · 15 MINUTES

The best time to look at this is while you are healthy.

Asset-based long-term care requires underwriting, and the answer changes with your health. Fifteen minutes now tells you whether you would qualify, what a portion of your savings could actually buy, and whether you need any of it at all.

- We start with your line 5 — your real exposure, not a sales figure
- If self-funding is the right answer for you, I will say so
- No cost for the call, the review, or the written plan

Pick a time that works for you

Fifteen minutes, by phone or video. Bring one question.

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SCAN TO BOOK

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Annuity contracts contain limitations, exclusions, surrender charges, holding periods, termination provisions and terms for keeping them in force. Withdrawals may be subject to surrender charges and market value adjustments, and withdrawals of taxable amounts are subject to ordinary income tax; withdrawals before age 59 1/2 may be subject to an additional 10% federal tax. Fixed indexed annuities are not stock market investments and do not directly participate in any equity, bond or other investment. Index crediting is subject to caps, spreads and participation rates that may change, and typically excludes dividends. Optional riders are available at additional cost and may not be available in all states.

Long-term care benefits are subject to policy benefit triggers, elimination periods, benefit limits, underwriting and state availability. Product features and availability vary by state and by carrier.

Cost of care figures are national medians from the 2025 CareScout Cost of Care Survey and are not specific to any individual's circumstances or location. Long-term care incidence and duration figures are from the U.S. Administration for Community Living. Medicare and Medicaid rules, coverage periods, coinsurance amounts, asset limits and look-back periods are set by federal and state law and change over time; confirm current rules at medicare.gov and with your state Medicaid agency. Tax treatment of life insurance death benefits and long-term care benefits depends on current law and individual circumstances.

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