

**Your Money**  
Every Tuesday

# If you're in your 50s, it's time to plan how you'll pay for long-term care

Getting old is such a drag that most of us don't like to think about it. And we sure don't like to think about who will take care of us if we stumble and break a hip while strutting to our favorite Rolling Stones CD. But even if you're a lot younger than Mick Jagger — and many of us are — you should be thinking about how you'll pay for long-term care.

A study released last month by AARP found that most Americans don't have a clue about the cost of long-term care. Even more worrisome, many Americans believe that if they do need long-term care, the government will pay for it.

That's a dangerous misconception, says Elizabeth Clemmer, director of policy research and development for AARP. Medicare typically covers only three months of nursing home care, and only if you spend time in a hospital first.

Medicaid's coverage of long-term

care, meanwhile, doesn't kick in until you've exhausted nearly all your savings, Clemmer says. In addition, while Medicaid covers nursing home care for people who qualify, coverage of in-home health services is limited. And it doesn't cover assisted living at all.

Moreover, qualifying for Medicaid is more difficult than ever, says Donna Bashaw, president of the National Academy of Elder Law Attorneys. A provision in the Deficit Reduction Act enacted last year makes it harder for seniors to qualify for Medicaid if they've given away assets in the previous five years.

That provision was designed to prevent wealthy seniors from hiding assets. Elder law attorneys argue, though, that it will also penalize middle-income seniors who provide financial assistance to children or grandchildren and later need nursing home care. Under the new rules, Bashaw says, such sen-

iors may have to wait months before they'll become eligible for Medicaid.

## How to plan

Good long-term-care planning could help you avoid ending up in a nursing home, or at least give you more options if you require institutional care. Steps to consider:

► **Long-term-care insurance.** These policies are still relatively new, but they're becoming more flexible. Along with nursing home care, some policies cover in-home care and the cost of an assisted living facility.

Long-term-care insurance is relatively expensive. The cost varies, depending on your age when you buy the policy and the types of services covered.

The younger you are, the lower your premiums, which is why many experts suggest buying a policy when you're in your 50s.

But before you buy a policy, make sure you can afford to pay the premiums for many years, because it could be a long time before you

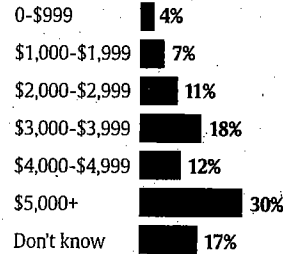


By Sandra Block

## What does care cost?

The average cost of nursing home care is about \$6,266 a month. A majority of Americans surveyed underestimated the cost.

Percentage of people who said:<sup>1</sup>



<sup>1</sup> — Total less than 100% due to rounding

Source: AARP

By Bob Laird, USA TODAY

need long-term care. Many people never need nursing home care. And even those who do often stay only a few months.

If you buy a policy while you're in your 50s or 60s and still working, Bashaw says, you need to think about whether you can afford the premiums once you retire.

The U.S. Department of Health and Human Services has created a website with information about long-term care and long-term care insurance. You can find it at [www.longtermcare.gov](http://www.longtermcare.gov).

► **Family care.** For all the talk about the breakup of the traditional family, most long-term care in this country is provided by family members. But if you're relying on relatives to care for you, there are some key issues to consider. Do children or other family members live nearby? Will you pay them?

Likewise, if your goal is to live in your house forever, with help from family, make sure your home will be accessible. Will you be able to navigate the staircase to the second floor when your joints start to stiffen? Are your doorways wide enough for a wheelchair?

► **Reverse mortgages.** A reverse mortgage is a loan against your home that doesn't have to be repaid until you move, sell or die. You can receive the money in a lump sum, line of credit or monthly payment for the rest of your life.

You must be at least 62 to qualify

for a reverse mortgage. Because closing costs are typically high — up to 5% of the home's value — they're not a wise idea for homeowners who plan to move in less than five years. But if you want to remain at home, a reverse mortgage could provide money to retrofit your home and pay for in-home care.

In a 2005 study, the National Council on Aging estimated that 13 million Americans are good candidates for reverse mortgages. The study estimated that those households would receive an average of \$72,128 from a reverse mortgage.

The NCOA has published a booklet, *Use Your Home to Stay at Home*, for people interested in using reverse mortgages to pay for long-term care. You can find an online version at [www.ncoa.org](http://www.ncoa.org).

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