TEN POINT FINANCIAL GROUP

Building Generational Wealth

The Long-Term Care Planning Brief

70% will need it. Medicare doesn't cover it. Here's how to plan.

Long-term care is the most expensive blind spot in most retirement plans. Medicare doesn't cover extended care. Medicaid only kicks in after you've spent down your assets. The cost of waiting to plan is enormous — both in dollars and in family stress. This guide walks through the decisions.

Why This Matters

The numbers most people don't see coming.

- 70% of Americans 65+ will need some form of long-term care.
- Average length of need: 3 years (40% need 5+ years).
- Median 2025 cost in Michigan: $108,000/year for nursing home, $63,000/year for home health aide, $65,000/year for assisted living.
- Medicare covers 100 days max of skilled care, only after hospital admission. For ongoing care: $0.
- Medicaid only starts once assets are spent down to ~$2,000 in countable assets.

Strategy 1 — Traditional LTC Insurance

Standalone insurance policy. Premiums can rise over time. Use-it-or-lose-it.

- Most efficient if you actually use it — best cost per dollar of LTC benefit.
- Premiums can increase (rate hikes happen, sometimes 20-50% over policy life).
- Best for: healthy people in their late 50s with strong cash flow.
- Worst for: people who hate the 'use-it-or-lose-it' structure.

Strategy 2 — Hybrid LTC (Asset-Based)

Life insurance with an LTC rider. Guaranteed premiums. Death benefit if unused.

- Premiums GUARANTEED — no rate hikes.
- Death benefit if LTC isn't needed (no use-it-or-lose-it concern).
- Lower LTC benefit per premium dollar than traditional LTC.
- Increasingly popular for households 55-70 who want certainty.

Strategy 3 — Self-Insure

For wealthy households who can absorb LTC costs from assets.

- Requires substantial liquid assets ($1.5M+ minimum, $3M+ comfortable).
- Dedicate specific assets to LTC reserves (separate from general portfolio).
- Risk: a long care event for one spouse can drain the survivor's resources.
- Best for: high-net-worth families who want flexibility and have buffer.

Strategy 4 — Medicaid Planning

When LTC insurance isn't an option, Medicaid planning is the conversation.

- Five-year look-back rule — Medicaid examines asset transfers in the 5 years before application.
- Asset spend-down — Required to qualify (~$2,000 in countable assets for single applicants).
- Spousal protections — Community spouse can keep certain assets and income.
- Elder Law Attorney critical — Michigan rules are specific, mistakes are expensive.

The When-to-Buy Window

Timing matters — and it's narrower than most people realize.

- Age 55-65 is the sweet spot — premiums affordable, underwriting passable.
- Each year you delay, premiums go up AND your odds of qualifying medically drop.
- By age 70, premiums are often unaffordable AND health conditions disqualify many.
- Don't wait until you 'need it' — by then you can't get it.

Inflation Riders + Benefit Periods

Two design choices that decide whether your policy actually helps when you need it.

- Inflation Rider — 3% vs 5% compound. 5% costs more but $200/day today could be $700/day in 30 years.
- Benefit Period — 3 years vs 5 years vs lifetime. Lifetime costs the most but covers the worst-case scenario.
- Elimination Period — 90 days standard. Longer = lower premium but you self-pay during waiting period.

The Family Conversation

LTC planning is also family planning. Have the conversation early.

- Who would be the primary caregiver if you needed care?
- Would you prefer home care, assisted living, or nursing home if your health required it?
- Where are funds located if family needs to step in?
- Are documents (POA, healthcare directive) in place?

NEXT STEP

Free LTC planning consultation

We'll look at your age, health, assets, and family situation — and tell you whether LTC insurance makes sense and what type would fit. If it doesn't, we'll explain Medicaid planning options.

Schedule online:
tenpointfinancialgroup.com/contact?from=guide-ltc

Or call:
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Sources: Genworth Cost of Care Survey 2024, Medicare.gov, Michigan Medicaid.