**Long-term Care Report Explanation**

**Real World Personal Finance Software**

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1

Overview of the LTC and Retirement Forecast Reports

This text is to help you understand the overall concepts, and the technical details, of the following retirement, combined with long-term care planning reports.

Long-term care (AKA LTC) is technical jargon for “going into a home.”

Careful long-term planning is needed these days to prepare for extremely expensive stays in nursing homes, rehabilitation centers, retirement homes, and hospice care. To have similar standards of living as one had in their own home usually requires $75,000 to $100,000 per year in LTC expenses. To be “stuck in a room” with a roommate’s TV blaring all-day, costs still between $25,000 and $50,000 per year.

Long-term care insurance helps pays for these stays, and similar long-term personal and health care needs (like in-home elderly care, physical therapy, and/or other rehabilitation services).

When permanently disabled, Social Security may kick in earlier than age 62, but at greatly reduced amounts. Sometimes, if they think you don’t qualify, then they just don’t pay at all. Also Medicare and Medicaid pays much less than most think (sometimes also little-to-nothing).

Reasons for these types of care include chronic illnesses, substance abuse problems, and mental and/or physical disabilities. Basically whenever one is “put in a home,” because they can’t take of themselves for whatever reason, it’s usually referred to as long-term care.

To insure for these risks, we recommend that you purchase good long-term care insurance. This type of insurance usually pays benefits directly to the insured, in increments of $100 per day, or so. For example, you can buy LTC policies that pay $100, $200, or $300 per day in benefits.

The amount of Long-term Care insurance policy benefits shown in the Proposed version of your retirement plan is $250 per day for John.

About the LTC Reports

In the following retirement reports, the “Current version” shows an estimate of what your financial future may look like, assuming the devastating costs of a nursing home stay starting at John’s age of 60 (because you are currently uninsured for these risks).

The “Proposed version” shows the same long-term health care expenses of the Current version, but both the cost of the LTC insurance premiums, and income from the policy’s benefit payouts are also accounted for.

The Proposed version also shows John being able to work part-time from age 60 to 70, as he intended. This income would also be lost if disabled, so it was not input into the Current version.

In the Current version, you can see that the financial devastation of being uninsured wipes out any hopes of a comfortable retirement, for either of you past age 80.

In the Proposed version, your financial forecasts look much better. With the purchase and maintenance of adequate LTC insurance for John, the forecast looks about the same as it did if he did not experience events leading to the need for LTC.

### Miscellaneous

This report illustrates how values may change over time. Once you go over a year or so, most all projections will be substantially different compared to what was input.

So it's important to run the numbers whenever something changes, or at least annually.

Hopefully, all of the charts and graphs are self-explanatory. If not, then feel free to contact us for more information.

A good measure of the benefit of financial planning and investment management is how your net worth improved over what you would have realized if you never met us, and continued doing what you were doing.