The Stan Clark Financial Team's

PERSPECTIVES

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Financial and Estate Planning

Long-term care funding options: What's best for you?

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You work hard. You save and invest to reach your financial goals. You want to retire without financial worries, control your own future and never burden your loved ones. But life is unpredictable.

No one likes to think about it, but many of us will reach a point when we're not able to completely care for ourselves. In this issue, let's look at a question on many people's minds: "Will the retirement nest egg that I've built up be adequate to cover my long-term care needs?"

To begin answering that, let's review costs. In British Columbia, the cost of the average private nursing home ranges from $2,275 to $9,500 per month. But people generally want to stay in their own homes. In that case, hiring a personal care worker through an agency or privately can cost $20 to $30 per hour. Licensed Practical or Registered Nurses cost $35 to $75 an hour. A full-time, live-in caregiver can cost in the range of $3,500 per month, plus room and board. And if round-the-clock care is needed, you're looking at two to three caregivers!

What about the government? Despite its best intentions, the government cannot provide a reliable way of safeguarding your standard of living. If you require long-term care, you would likely wish to maintain your quality of life as it was before, not adopt the quality of life the government provides. Would you really want to greatly limit your choice in the type and levels of care you receive?

It comes as no surprise that long waiting lists for government-subsidized care are forcing seniors to make tough choices. Some must accept the first available bed, often at a place they would not choose, or one that is away from their partner.

As you plan for retirement, consider a financial strategy for long-term care as an integral component of your financial plan. The most common options of funding are:

1. savings or retirement income
2. equity in your home
3. dependence on your family
4. long-term care insurance

The last item, long-term care insurance, provides weekly or monthly cash benefits. With these plans, clients can determine the amount of the benefit, the length of benefit payments and when payments begin. Once issued, the contract's provisions and renewability are guaranteed.

Most companies reserve the right to increase or decrease the premiums, but they can only do this in certain circumstances. For example, if the insurer experienced higher-than-expected claims for men aged 60 to 70, all men aged 60 to 70 would see their premiums rise.

The policyholder qualifies for monthly benefits when he can no longer perform two out of six activities of daily living, or has a cognitive impairment. Examples of the six activities are feeding, bathing and dressing.

Each person's needs and financial situations are different. Those who do need long-term care are likely to use a combination of these options.

At the Stan Clark Financial Team, we are able to plan with you various ways that you could fund your potential long-term care needs. Please feel welcome to let us know if you'd like to talk about this topic.

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To learn more about CIBC Wood Gundy, the Stan Clark Financial Team and the many ways we can help manage your wealth, please contact us by phone or by email as listed below.

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