RYAN & ASSOCIATES

Preserving Your Assets and Dignity

A practical long-term care planning guide

PLANNING GUIDE

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START WITH THE PLAN

Long-term care is about choice

A thoughtful plan helps protect your independence, your family, and the assets you worked to build. Insurance may be part of the answer, but the planning comes first.

The central question

If you needed help for months or years, where would you want to receive care, who would coordinate it, and how would you pay for it?

A complete long-term care plan considers:

- Your preferred care setting: home, community care, assisted living, or a nursing facility.
- The amount of unpaid care family members can realistically provide.
- Income, savings, insurance, and public benefits available to pay for care.
- How care needs could affect a spouse, partner, children, and legacy goals.
- Who will make financial and health decisions if you cannot.

Planning is personal

The goal is not to predict exactly what will happen. It is to make informed choices now, while you have more options.

UNDERSTAND THE NEED

What long-term care actually means

Long-term care generally refers to ongoing help with everyday activities or supervision needed because of chronic illness, disability, or cognitive impairment.

Activity	Examples of assistance
Bathing	Getting into or out of a tub or shower
Dressing	Selecting and putting on clothing
Eating	Feeding oneself
Toileting	Using and managing toilet needs
Continence	Managing bladder or bowel function
Transferring	Moving between a bed, chair, or standing position

Care may also be triggered by severe cognitive impairment, such as Alzheimer's disease or another form of dementia, when substantial supervision is needed for safety.

Common care settings

At home	Personal care, homemaker services, home health support
Community	Adult day programs, respite care, transportation
Residential	Assisted living or memory-care community
Skilled setting	Nursing facility when a higher level of care is required

WHY PLANNING MATTERS

The need is common, and costs can accumulate quickly

The length, setting, and intensity of care vary widely. Even part-time help at home can create a meaningful monthly expense.

Almost 70%	of people turning 65 will need some type of long-term care services and supports during their remaining years.
$355/day	national median daily rate cited in the source guide for a private nursing-home room in 2025.
$35/hour	national median hourly rate cited in the source guide for a home health aide in 2025.

Illustrative monthly costs

Care pattern	Illustrative calculation
Home health aide: 20 hours/week	$35 x 20 x 4.33 = approximately $3,031/month
Private nursing-home room	$355 x 365 = approximately $129,575/year

Costs are national illustrations based on figures cited in the source guide. Local costs, care needs, and provider rates vary and may change.

SEPARATE FICTION FROM FACT

Four assumptions worth revisiting

Many families delay planning because they expect Medicare, personal savings, relatives, or Medicaid to handle the need automatically.

ASSUMPTION	**“Medicare and my supplement will cover it.”**
REALITY	Medicare primarily covers medical and limited skilled care. It generally does not pay for ongoing custodial care when help with daily activities is the only need. Medigap supplements Medicare-covered services; they do not create a separate long-term care benefit.

ASSUMPTION	**“I can afford it myself.”**
REALITY	Self-funding may be appropriate for some households, but the plan should test the effect of multiple years of care on income, a spouse's security, taxes, and legacy goals.

ASSUMPTION	**“It probably will not happen to me.”**
REALITY	The need for support is common, although duration and intensity vary. A plan should also consider cognitive impairment, not only nursing-home care.

ASSUMPTION	**“Medicaid will take care of it.”**
REALITY	Medicaid can be an important safety net, but eligibility, covered services, provider access, and estate-recovery rules vary by state. Planning should not assume unrestricted choice.

BUILD A FUNDING STRATEGY

There is more than one way to prepare

The right approach depends on health, age, assets, cash flow, family support, and the amount of risk you want to retain.

Personal resources	Use income, savings, investments, home equity, or other assets. Offers flexibility, but the household retains the full cost risk.
Traditional LTC insurance	Designed specifically for qualifying long-term care expenses. Premiums may be subject to future increases, and benefits depend on contract terms.
Life insurance with LTC or chronic-illness benefits	May accelerate part of the death benefit for qualifying care needs. Using benefits generally reduces the remaining death benefit.
Annuity with LTC benefits	May leverage annuity value for qualifying care expenses. Liquidity, surrender periods, benefit triggers, and tax treatment require careful review.
Public programs	Medicaid and certain veterans benefits may help eligible individuals. Rules, benefits, and access vary, so eligibility should be confirmed.

A blended approach may fit

Some households combine personal reserves with insurance to cover a defined period or amount of care. The purpose is to transfer the portion of risk that would be most disruptive.

EVALUATE THE CONTRACT

Features that shape protection and cost

Policy design choices affect both the premium and the protection available when care is needed. Compare contracts using the same assumptions.

Feature	What to review
Benefit amount	Daily or monthly maximum; reimbursement versus cash or indemnity design
Benefit pool or period	Total dollars or estimated years of coverage
Elimination period	How waiting days are counted and which services satisfy them
Covered settings	Home care, adult day care, assisted living, memory care, nursing facility
Benefit triggers	Activities of daily living and cognitive-impairment requirements
Inflation protection	How benefits may increase over time and at what cost
Shared care	Whether spouses or partners can access a combined benefit pool
Premium structure	Current premium, waiver provisions, and potential for rate increases
Nonforfeiture options	What value may remain if premiums stop
Carrier strength	Financial ratings and claims-paying ability of the issuing insurer

TAX OVERVIEW

Potential federal tax treatment

Tax-qualified long-term care insurance can receive favorable federal tax treatment, but deductibility and benefit taxation depend on policy structure and individual circumstances.

Eligible long-term care premiums

Age at year-end	2026 eligible premium limit*
40 or younger	$500
41-50	$930
51-60	$1,860
61-70	$4,960
Over 70	$6,200

*These are the age-based 2026 limits stated in the source guide. They limit the amount treated as a medical expense; they do not guarantee a deduction. Medical-expense deductions are generally subject to federal itemization and adjusted-gross-income rules.

Benefits and business situations

- Benefits from a tax-qualified policy are generally excluded from federal taxable income, subject to rules and limits for certain per-diem or indemnity benefits.
- Self-employed individuals and business owners may have different deduction rules depending on entity type and who pays the premium.
- Benefits from life insurance or annuity riders can have different tax consequences depending on contract design and how benefits are paid.

Always verify the tax result

Tax rules change and state treatment can differ. Review the current policy illustration and consult a qualified tax professional before relying on a deduction or tax-free benefit.

YOUR REVIEW CHECKLIST

Questions to answer before choosing a strategy

Use this page to organize a discussion with your family and financial, legal, tax, and insurance professionals.

- ☐ Where would I prefer to receive care?
- ☐ Who would coordinate care, and how much help can family realistically provide?
- ☐ What monthly amount could I pay from income without disrupting a spouse or partner?
- ☐ Which assets are available for care, and which do I want to protect?
- ☐ How much insurance benefit would meaningfully reduce the risk?
- ☐ What waiting period, benefit pool, and inflation option fit my plan?
- ☐ Are premiums sustainable if they increase?
- ☐ How do the benefit triggers and exclusions work?
- ☐ How does the strategy coordinate with powers of attorney, trusts, and beneficiary plans?

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