

Paying for Long-Term Care Services

Private Pay Options

Pensions or Retirement Income - you may use part or all of your income to pay for long-term care services. However, a spouse may be depending on that income to maintain the household.

Social Security - government retirement supplemental income that can be used to pay for care. Those that have Social Security as their sole income may not be candidates for long-term care protection. Other planning options are available.



401(k) or other Employer Sponsored Plans

retirees would use this as they would any other assets while those still working would rather use this as a last resort.

Investments - your "nest egg" could be reduced drastically if you are spending \$55,000 a year for care. Using less than 1% of the interest of these assets could pay for long-term care protection.

Real Estate - either you would use income from the real estate or the proceeds from the sale of the property to pay for long-term care services. Two things to take in consideration before selling land is the taxable issue and the possible lower market value of the property.

Medicare or Health Insurance

Medicare or Medicare Supplements - Medicare was never designed to cover long-term care expenses. Medicare and Medicare Supplements will only pay for skilled care.

Health Insurance - most major medical plans pay for skilled care only.

Insurance Products

Long-Term Care Insurance - is the product that is associated most with long-term care protection. This coverage is to be designed to give you the most protection while maintaining a premium that you can afford.

Life Insurance - a new option for some people is a life insurance contract that has [long-term care benefits rider](#). This is for those who need the life insurance protection and long-term care as well.

Annuities - some annuities have built-in feature that waive fees if the withdrawal is used for long-term care expenses. However, there are a few contracts that have riders that will protect a portion of your principal. These are great ways to protect those that have some health issues or want some added security on their investments.

Alternative Options

Life Settlements - are contracts that will pay you a lump sum for an existing life insurance policy. The amount that you will receive for the policy depends on your age and life expectancy.

Reverse Mortgages - this is an option to use the value of the house to pay for long-term care services or provide a couple/widow an extra monthly income. Reverse mortgages will be utilized more in the future for those that have a house that is paid for but never saved for retirement.

Medicaid - this is a Government mandated program that is run by each State to provide health benefits for those with poverty level incomes. Medicaid is the long-term care plan of last resort. You will have to spend down your assets to less than \$2,000. You can learn more about [Medicaid](#) rules in our Medicaid section.