



The basics of long-term care

New York Life Insurance Company and New York Life Insurance and Annuity Corporation

Aging is a fact of life and it comes with certain realities. While most of us probably don't want to picture ourselves eventually needing help with daily activities, more than half of Americans turning 65 today will need some type of long-term care during their remaining years.¹ As this type of care is not generally covered by private health insurance or Medicare, it's important to create a plan to help protect yourself and your family from the financial and emotional impact of a possible long-term care event.

What is long-term care?

Long-term care encompasses a variety of services that assist those who can no longer perform everyday activities on their own. These activities, known as activities of daily living (ADLs), include dressing, eating, and bathing. A chronic illness or a physical impairment can lead to a need for long-term care, but it's most commonly needed as the result of a cognitive issue, such as Alzheimer's disease. Care services can be provided in the home, a community setting, or a facility such as a nursing home.

How much does long-term care cost?

On average, women need about 2.5 years of long-term care and men an average of 1.5 years.² The national average for a home health aide is \$32.59 per hour (so for example, 20 hours of care per week would cost more than \$33,000 per year), while a private room in a nursing home averages \$127,012 per year.³

Long-term care costs can quickly add up and can have a significant impact on your retirement and the assets you've worked so hard to accumulate. Understanding the various long-term care planning options available is critical to helping you put a plan in place to ensure you have access to the type of care you prefer while protecting your finances.

¹ Melissa Favreault and Judith Dey, "Long-term services and supports for older Americans: Risks and financing research brief," Office of the Assistant Secretary for Planning and Evaluation: U.S. Department of Health and Human Services, February 2016.

² Ibid

³ "Long-term care costs by state and region," New York Life Insurance Company, 2025.

How to plan for long-term care

Depending on your age, health, means and needs, there are several ways to address long-term care.

Long-term care planning options:

- **Standalone or traditional long-term care insurance** plans generally provide the most robust long-term care coverage based on the premiums paid, can be customized to suit your needs, and offer the option to receive care at home, in an assisted living facility, or a nursing home.
- **Linked-benefit or hybrid** plans combine long-term care insurance with life insurance, providing broader coverage and greater flexibility, usually at a slightly higher price point since you are insuring multiple risks.
- Riders, such as **chronic care riders** on life policies, offer the most basic coverage, allowing a portion of the policy's death benefit to be accessible should you become chronically ill.
- You may be able to **pay for long-term care out-of-pocket (self-fund)** if you have significant assets. While this may be an option for some, it's often valuable to weigh the benefits of private insurance versus self-funding as there are additional advantages that come with private insurance, including care management and risk sharing, which can benefit you in the event of a catastrophic long-term care event.
- **Medicaid** does cover some long-term care services (unlike Medicare, which most people are surprised to learn does not cover long-term care) but you need to spend down most of your assets to qualify and you need to receive care in an approved facility.

When to start planning for long-term care

Health and age are key factors used in determining eligibility and rates for private long-term care solutions, so it's best to explore these options when you are in your 40s and 50s.

It's never too soon to start planning for long-term care. The peace of mind you'll have knowing you're protecting your family and retirement can be an important benefit of creating a plan, even if you elect to just protect part of your risk with a smaller amount of coverage. Take the first step and contact a New York Life agent to help you find a solution that best suits your needs.



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