RESOURCE

The Cost of Care

A guide to understanding long-term care costs, how they affect your financial plan, and how to prepare before the decision lands on you or your family.

THE PROBLEM

Long-term care is one of the biggest blind spots in retirement planning. Most families don't talk about it until they have to, and by then, the decisions have to be made fast.

Nearly 7 in 10 people turning 65 today will need some form of long-term care in their lifetime. Yet very few retirement plans account for it.

When care is suddenly needed, it often falls on your adult children to make the decisions, cover the gaps, and figure out how to pay for it, all while managing their own careers, families, and finances.

A little planning now can prevent a lot of scrambling later.

THE NUMBERS

Here's what long-term care costs nationally today, based on the CareScout Cost of Care Survey, the most widely used benchmark for care costs in the country.

Type of Care	Monthly Median	Annual Median
In-home care (non-medical caregiver, 44 hrs/week)	$6,673	**$80,080**
Adult day health care	$2,058	**$24,700**
Assisted living community	$6,200	**$74,400**
Nursing home, semi-private room	$9,581	**$114,975**
Nursing home, private room	$10,798	**$129,575**

Source: CareScout Cost of Care Survey, 2025. National medians; actual costs vary significantly by location and level of care needed.

The average person who needs long-term care uses it for about three years. At these rates, a single care event can easily run into six figures, and that's before accounting for a spouse who may also need care.

HOW IT AFFECTS YOUR FINANCIAL PLAN

- Medicare does not cover long-term custodial care.
- Medicaid can cover care, but only after meeting strict state income and asset limits, which often means spending down your savings first.
- An unplanned care need can force early withdrawals from retirement accounts, disrupting a tax strategy and drawing down principal faster than the plan assumed.
- It can change what's left for a surviving spouse or the next generation.
- Without a funding plan in place, adult children often step in with their own money, their time, or both.

This is exactly why long-term care planning belongs in your retirement plan, not as an afterthought, but from the start.

HOW TO PREPARE

1 HAVE THE CONVERSATION NOW

Talk with family about your care preferences, values, and expectations before a crisis forces the issue. It's an easier conversation to have on a quiet Sunday than in a hospital hallway.

2 GET THE PAPERWORK IN PLACE

A durable power of attorney, healthcare directive, and an up-to-date list of accounts and advisors save families weeks of delay when a decision has to be made quickly.

3 KNOW WHAT CARE ACTUALLY COSTS

Most people significantly underestimate this. In-home care, assisted living, and memory care all carry real price tags that vary by location and level of need.

4 REVIEW YOUR FUNDING OPTIONS

Long-term care insurance, hybrid life/LTC policies, self-funding, and home equity all work differently. The right mix depends on your age, health, and overall financial picture.

5 STRESS TEST YOUR PLAN

Ask what happens if care is needed for three years, for one spouse, or for both. A plan that hasn't been tested against this isn't finished.

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A conversation now can save your family a crisis later.

If you haven't talked through what a long-term care event could mean for your plan, or your family, let's have that conversation before it's urgent.

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