

## The Gender Investing Gap: The Cost of Long-Term Care for Women vs. Men

Statistics show that after the age of 70, most women will probably require some type of long-term care (LTC). And longer life spans mean they will pay more for LTC insurance coverage than men. That’s why it’s so important to construct an investment portfolio that incorporates LTC planning to help preserve your hard-earned assets.



### 1.

#### What is Long-Term Care, and Why Is It More Expensive for Women?

LTC needs, sometimes referred to as custodial needs, are usually characterized by requiring assistance with activities of daily living, such as walking, dressing, grooming, feeding, bathing and toileting that result from a health care event or simply aging. Medicare and basic health insurance do not cover custodial care expenses. Keep these facts in mind:

- Women are 60% more likely than men to need LTC assistance after age 75
- \$86,140: annual cost of nursing home care in Tampa, FL

Several major LTC insurance providers now implement gender-specific pricing due to the trend of women living longer than men and accounting for roughly two-thirds of LTC insurance claims (so, women are far more likely to use the benefits). Gender-specific pricing is the insurance industry’s way of adapting, and it means that women will pay significantly higher rates than men for equivalent coverage.

#### Don’t Ignore How Costly Lack of Long-Term Care Planning Can Be

Preparation is key—get educated on what LTC could cost you and your family.

**28%**



Only 28% of women surveyed knew that Medicare will not cover their LTC costs<sup>1</sup>

**Medicaid**



Pays only after you’ve spent down most of your assets

**64%**



64% of women say paying for LTC will use up all of their children’s planned inheritance<sup>1</sup>

<sup>1</sup>Health Care Costs in Retirement Survey, Nationwide/Harris Poll (October 2016).



## 2.

### Planning for Long-Term Care During Retirement

Everyone's situation is unique. Some women have resources available with family and friends that can step in and assist with short-term care needs. Other women are limited with smaller families, geographical challenges, and family dynamics that limit assistance to be expected from family.

Taking the time to evaluate your personal circumstances and family history is the first step to identifying the level of cost and support that should be incorporated into your financial plan.

Consider these facts:

- More than 70% of nursing home residents are women
- The average length of time that is needed for care is 2.4 years

Educating yourself and shopping early—generally prior to age 60—can offer a savings to help combat gender-specific pricing structures. If LTC is needed during your retirement, be sure to have a financial plan in place to address the proper level of care for you. Preparation is the key to success!

## 3.

### Measuring Longevity Risk and Finding Solutions

The need for women to establish a financial plan that anticipates LTC expenses is essential in order to avoid depleting savings that generate monthly income during retirement. Preparing such a plan can begin by evaluating your history of chronic illness, lifestyle, and any possible genetic proclivity toward certain diseases. You want to make sure the following risks are in balance to help prevent unnecessary erosion of your resources:

- Liquidity risk
- Longevity risk
- Inflation risk

Conducting an insurance gap analysis with a professional financial planner is highly recommended to help determine what LTC care might cost and what resources can be made available. A gap analysis can also help determine if purchasing certain kinds of long-term care coverage would be prudent at all, because insurance products aren't always a "default" solution to funding future care needs, and their potential financial impact needs to be carefully considered.

**We suggest coordinating your financial planning with a CFP® because they are required to meet rigorous education and experience requirements, and they are held to the highest ethical and professional standards in the industry.**

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