

Self-insuring Against the Risk of Long Term Care (using personal income, assets, and savings)

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Individuals may choose to finance long term care costs through a variety of methods. This checklist will help you gather information and determine if and how self-insuring is a realistic financing option given your goals and situation.

To determine if you will be able to self-insure for long term care costs, learn more about your current and future financial situation by completing this checklist. Then explore the costs of long term care in your area. When you are done, you should be able to answer the following questions:

- Will your current and future income and assets be sufficient to cover the costs of your long term care? Will it cover your spouse's/partner's long term care?
- If not, what changes will you need to make in your finances to be able to self-insure?
- How much would you need to save to be able to self-insure? Is this realistic?
- If you can't self-insure against all possible costs, is there a portion of the costs you could cover?

Determine your current and future net worth.

- Print and complete the "Net Worth Calculation Worksheet" at <http://www.rce.rutgers.edu/money/pdfs/networthcalcworksheet.pdf>. Sponsored by Rutgers University.
- Determine your current and future net worth using the calculator at http://www.americasaves.org/back_page/personal_wealth_estimator.cfm. Sponsored by America Saves.

Determine your current income and expenses.

- Print and complete the "Spending Plan Worksheet" at <http://www.rce.rutgers.edu/money/pdfs/fs421worksheet.pdf>. Sponsored by Rutgers University.

Determine your current assets, savings, debts, income and expenses.

- Use the calculators Use the calculators for budgets at <http://www.choosetosave.org/tools/fincalcs.htm#bud> and savings at <http://www.choosetosave.org/tools/fincalcs.htm#sav>. Sponsored by Choose to Save[®].

Estimate your retirement income.

- Select the retirement income estimate that best fits your needs at www.asec.org/ballpark. Sponsored by the American Savings Council.

- _____ Estimate your retirement income at <http://www.choosetosave.org/tools/fincalcs.htm#ret>. Sponsored by Choose to Save[®].

Estimate the Social Security benefits you will receive. Social Security may be one part of your total retirement income.

- _____ Locate the benefit statement you received from Social Security last year. You should receive a benefit statement 2-3 months before your birthday each year. Request one online at www.ssa.gov/pebes. It may take up to 2-4 weeks to receive it by mail. Sponsored by the Social Security Administration.
- _____ Estimate your Social Security benefits at www.ssa.gov/planners/calculators.htm. Sponsored by the Social Security Administration.

Estimate the cost of various types of care in your community.

- _____ Estimate the cost for home health care, assisted living, and nursing home care in your state. Go to https://ltcfeds.com/NASApp/ltc/do/assessing_your_needs/ratecalc. Select the “Cost of Care in Your Area”. Sponsored by the Federal Long Term Care Insurance Program.

Calculate your ability to self-insure against the costs of long term care.

- _____ Use the information gathered in the previous activities to summarize your income, assets, savings, debt, and expenses.
- _____ Determine what it would cost to self-insure at https://ltcfeds.com/NASApp/ltc/do/assessing_your_needs/ratecalc. Select “Self Funding”. Will you have enough income, savings, and assets to cover that expense? Sponsored by the Federal Long Term Care Insurance Program.

Determine your later life financial goals. Your goals may impact the method of financing chosen to pay long term care costs.

- _____ Complete the planning tool “Identifying Financial Security Goals for Later Life: Critical Conversations at www.financinglongtermcare.umn.edu.

Discuss your goals, beliefs, and plans with family members.

- _____ Ask your family members to complete the planning tool, “Identifying Financial Security Goals for Later Life: Critical Conversations”-at www.financinglongtermcare.umn.edu. Talk about the similarities and differences in your goals.