Who is going to Tie My Shoe?
Part 2

For those of you who read part 1, I won't go into too much detail, but the issue was post-surgery who was going to tie my shoe. My wife was in Eqypt and I was recovering from extensive knee surgery. The dilemma was really an epiphany regarding the issues we will all eventually face – the need for income to fund our golden years and who and how we will provide for our long-term care. Part 1 was really about generating passive income to help with those costs and Part 2 will focus on another way to pay for some of these looming expenses by insuring for them.

Fidelity estimates that a retiring couple age 65 should expect to spend $285,000 for out of pocket medical expenses in retirement. Interestingly enough, this does not include the cost of long-term care or custodial care that would include paying someone to tie my shoe if I was unable.

Just as a matter of reference, if you use the John Hancock's cost of Care Calculator, you will see that for a 56 year old in Colorado, 2 years of nursing home and 2 years of home healthcare assistance are almost $300,000 today. If long-term care is needed 25 years from now that same level of care will cost over $780,000 due to inflation.

Helping people retire over the last 20 years, I have heard all the reasons why they don't need to worry about these expenses. "My kids will take care of me, that is what my .45 is for, I will ride my horse into the sunset etc." The only legitimate logic to ignore these costs in my opinion is if the individual has amassed enough wealth to self-insure.

I understand that insurance is frequently looked at as a waste of money, but the information from Tom Hegna below is compelling.

The ***odds*** *of your* ***house burning down*** *are 3 out of 100. The* ***odds*** *of totaling your car at some point during your life are 18 out of 100. The* ***odds of needing*** *some form of* ***Long-Term Care*** *between now and the day you die are 72 out of 100, yet less than 30% of Americans over the age of 45 have* ***long-term care*** *insurance!*

The beauty of American capitalism is it is very evolutionary and dynamic. Companies develop new products and services to manage evolving customer demands and changes. That is precisely what has happened with long term care and why I am writing this now. We have recently evaluated some long-term care insurance strategies that may be more palatable, especially for those who are currently healthy and are younger (50-65 ☺).

In the past, long-term care insurance followed the path of most traditional insurance products. You paid the premiums and if you didn't use the benefits and failed to recover you premiums that was viewed as a "bad deal". Good news, a number of companies have meaningfully addressed these issues.

If you would like to discuss your strategy for long term care and who will tie your shoe if you need it, please give Julie a call and come see us. We believe a well thought out, long-term care plan can add to your confidence and peace of mind. It helped mine.

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