

What's Missing from Your Financial Plan?



 **Texas Capital Bank**
Private Wealth Advisors

Retirement is on the horizon, and you've been thoughtful about your financial planning. You've carefully built and managed your nest egg, providing for the future through prudent planning and investment. But are all of your bases covered? Or is there a gap in your plan?



What Is Long-Term Care?

Long-term care planning should be an essential part of any comprehensive financial plan, but most Americans nearing retirement haven't given it the consideration it needs. Every day, roughly 10,000 Baby Boomers turn 65. Studies show that 70 percent of them will need some form of long-term care, but most of them haven't provided for it when planning for their family's future.¹

Long-term care is a range of services and support you may need to meet your personal care needs. Medical care is part of that formula, but most of it is assistance with the basic tasks of everyday life, such as dressing, eating, taking medication, transportation and other things that are difficult for those facing chronic physical and cognitive impairments common in conditions such as Parkinson's disease or dementia.





Benefits of a Long-Term Care Plan

Safeguard the Well-Being of Your Family

The benefits of having a plan that addresses long-term care are far-reaching for both you and your family. On the surface, making a decision to care for a loved one who needs long-term care may sound simple enough, but coordinating and managing care, researching and selecting agencies, services, caregivers and facilities, then ensuring that your loved one is getting the care they deserve can be a time-consuming, emotional, stressful and expensive process.

If your needs and desires are spelled out in your long-term care plan, you not only help to ensure you receive the level of care you desire, but you can also reduce the likelihood of family conflict over the specifics of your care. Furthermore, it can also reduce the physical and emotional toll on the person overseeing or providing your care, and may eliminate the need for that person to put their life, career or family on hold to care for you.

Protect Your Nest Egg

The financial reasons for planning ahead for long-term care are also compelling. The costs of long-term care are rising and have been rising faster than other healthcare costs for the past 50 years. The potentially devastating result is that long-term care can consume in a matter of months what took years to build. A solid plan can help enable you to continue to meet current responsibilities and preserve your assets so that they can provide for a surviving spouse, family members, charities or other obligations — simply put, so they can be used for what you intend them for, rather than to finance ongoing care. A plan that provides for the cost of care can also ensure that your family members don't spend their own personal savings or retirement funds to pay for your care.

According to Pew Research:

**NEARLY
25%**



*of caregivers have had to take
a leave from work to care for a
seriously ill family member.*



Estimating the Costs of Long-Term Care

Considering the cost of care is a critical step in developing your long-term care strategy. Every person is different, as are their needs.

What Level of Care Is Required?

Cost of care varies widely and the level of care required may change over time. Those who can continue living at home with only part-time assistance may be able to absorb the cost of care. If needs expand to require 24-hour care using multiple caregivers, a live-in or a highly credentialed caretaker, the costs can begin to climb dramatically. In some cases, modifications to the home itself may be necessary and represent yet another cost.

For those who require the type of care provided by assisted living facilities, there are many options available. The average cost for an assisted living facility in Texas approaches **\$50,000 annually**,³ but high-end facilities catering to wealthier residents can range from **\$70,000 to over \$130,000** per year, depending on the facility and the location.⁴

Plan for Increasing Costs Over Time

Finally, it's also important to factor in the increasing costs of care over time. If assistance is required over a long period of time, for example 10 years or more, then the baseline expense plus the accretion of costs over time should be reflected in your plan.

Discussing your preferences with a knowledgeable advisor familiar with costs in your area and trends in long-term care can be an important step in adding long-term care to your financial plan.





Covering the Costs of Long-Term Care

Government Programs

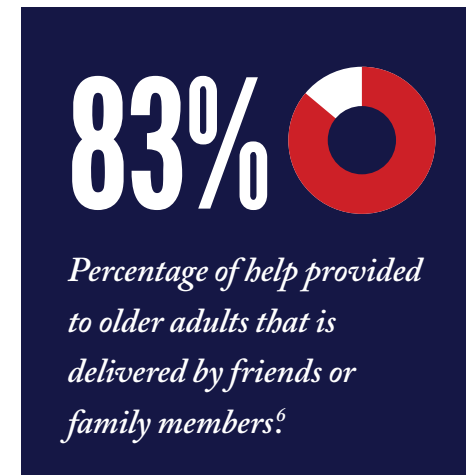
You may be curious about government benefits available through the Veterans Administration (VA), Medicare or Medicaid and whether they could cover or offset long-term care expenses for you. The VA provides benefits for former servicemen and servicewomen along with their families. This includes home care and other extended care options; however, resources are limited, and individuals must meet both service and financial criteria. For nonveterans, Medicare and Medicaid are sometimes relied upon. Medicare may cover medical expenses, but generally does not cover nonmedical expenses. Patients requiring this type of care will likely fund these costs themselves. Lastly, Medicaid provides for seniors in need, but only covers those who meet very low income and asset standards, and generally only covers care provided in a skilled nursing facility.

Self-Funding Vs. Long-Term Care Insurance

Those who have significant assets may choose to self-fund the cost of long-term care. This can be a viable option; however, careful consideration must be given to accurately estimate costs in order to solidify your current and future legacy. It is also important to note that even for high-net-worth and ultra-high-net-worth individuals

who may give less consideration to funding the cost of long-term care, **understanding your care management options and identifying resources to help guide these decisions in advance can be the key to reducing stress and getting the best care.** For those who cannot afford to self-fund, long-term care insurance can be an affordable way to offset the cost of care. It may also provide other benefits, like resources and assistance with researching, selecting and overseeing care.

Keep in mind that it doesn't have to be a choice between the two extremes. You can create a plan that works for you combining both approaches. You may choose to offset some of the expense by purchasing a small insurance policy and funding any remaining costs should they arise.





Don't Wait

Taking the time now to determine if there is a gap in your planning and closing it are the best ways to limit financial or emotional consequences to the people who mean the most to you, should you require long-term care. Your Texas Capital Bank Private Wealth Advisors team has experience helping clients like you plan for whatever the future holds. When it comes to long-term care, there are many options available, and you and your advisor can work together to craft a plan that's best for you.

You have a goal for your wealth, but a goal without a plan is just a wish. Don't make a wish. Make a plan.

We Can Help

To learn more about long-term care planning, contact Texas Capital Bank Private Wealth Advisors at privatewealth@texascapitalbank.com or 1.877.839.2770.

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 2. Own your future, Texas Long-Term Care Partnership, <http://ownyourfuturetexas.org/costs-to-consider/>
 3. Genworth 2016 Cost of Care Survey, conducted by CareScout, April 2016, <https://www.genworth.com/about-us/industry-expertise/cost-of-care.html>
 4. Phone survey of Texas-based senior care facilities, August 2017
 5. Own your future, Texas Long-Term Care Partnership, <http://ownyourfuturetexas.org/costs-to-consider/>
 6. Alzheimer's Association, 2017 Alzheimer's Disease Facts and Figures
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