

Your guide to funding long-term care

A complete retirement plan includes coverage for life's unknowns, including the possibility of needing care for an extended amount of time. It's estimated that about half (56%) of people turning 65 today will need some type of long-term care services or support in their remaining years¹. Since estimated costs can exceed \$100,000 annually², choosing to retain the risk of an extended care or long-term care event can have a devastating impact on your retirement goals. It is important to understand the differences in the options available to you.

Where does long-term care happen?



Home care

provided by home maker services, home health aides or sometimes informally by family or friends assist you with basic daily needs.

Annual Cost: **\$37,440²**



Assisted Living Facilities

provides semi-independent living along with staff to assist.

Annual Cost: **\$64,200²**



Skilled Nursing Homes/Facilities

are licensed residential facilities that offers 24/7 ongoing care to those who cannot care for themselves.

Annual Cost: **\$116,800²**

How do you pay for your long-term care needs



Medicare covers hospital care, doctor services, drugs, and medical supplies. It generally does not cover long-term custodial care.

Medicaid is a joint federal and state program that helps pay for long-term care expenses within Skilled Nursing facilities only, but only after all other financial resources are exhausted. Income limits may also apply.



Utilizing your **Savings, Investments, and Income** is commonly referred to a 'Self-Insuring' the risk of long-term care expenses. You may have enough assets to offset these costs, and also determine the location and level of care you may desire. However, self-insuring may force liquidation of assets and possibly subjecting you to market risk and tax ramifications. It could also reduce the legacy you may leave to heirs.



Long-Term Care (LTC) Insurance provides leverage of your existing assets to provide coverage for long-term care expenses. You have several options with LTC Insurance to provide you the coverage you desire with a choice of location and care options. LTC Insurance does come at a cost to you prior to claim, and qualification is based on your health at time of application.

1. Source: ASPE Research Brief, Long-Term Services and supports for older Americans: Risks and Financing. 2022.

2. Source: Genworth Cost of Care Survey, conducted by CareScout®, December 2023, National Median Cost for In-home care, Assisted living facility, Private Room, Nursing Home Care, (accessed February 2025).

Investment and Insurance Products are:

- **Not Insured by the FDIC or Any Federal Government Agency**
- **Not a Deposit or Other Obligation of, or Guaranteed by, the Bank or Any Bank Affiliate**
- **Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested**

Types of Long-Term Care Insurance Protection

LTC ← Priority → Legacy

	Stand-alone LTC	Annuities with LTC	Asset-based LTC	Life insurance with rider
Who is this for?	Only interested LTC benefits. Largest benefit per premium paid.	Asset protection, but would like access to LTC Benefits	Leveraging LTC dollars but also having small life insurance amount	Focus on leaving a legacy while providing early access to the death benefit for chronic illness or LTC costs.
Product type	These policies provide the most flexibility, but only offer coverage for LTC expenses.	Tax Deferred Annuities for Non Qualified funds. They provide leverage in the form of qualified LTC benefits.	Policies that provide primarily LTC coverage, but also include a small death benefit.	Policies include riders that allow all or a portion of the death benefit to be used during lifetime for LTC. The primary purpose however is to provide death benefit coverage.
Considerations	Use LTC Benefits or lose them	Non Qualified, Tax Deferred Annuity Only	Pool of assets to cover LTC costs, with a reduced death benefit	Highest Death Benefit, reduced for LTC benefits
Benefit Calculation ¹	Daily or Monthly Benefit, Duration, Waiting Period all set at time of issue	Monthly Benefit Based on Contract Value and Eligibility	Monthly Benefit and Duration set at issue.	Percentage of Death Benefit (2-4%) available as Monthly Benefit
Premiums	Annual/Monthly, Not Guaranteed	Single Premium	Single or Multi Year	Single or Multi Year
Health Based Underwriting	Full	Limited	Limited	Full
Death Benefit if LTC not Used		✓ ²	✓	✓
Shared Care Option	✓	✓	✓	
Tax Qualified Benefits	✓	✓	✓	✓
Growth of Cash Value		✓	✓	✓
State Partnership Qualified	✓			

1. Your benefit may be Reimbursable, where only actual cost are reimbursed (bills and receipts required), or Indemnity, where the full LTC benefit is paid to the owner and can be used as needed.

2. Contract value, if any remains — any gains are taxed.

Annuities are long-term investments appropriate for retirement funding.

Guarantees are based on the claims paying ability of the issuing insurance company.

This is not, in any way, intended as an invitation to replace your existing coverage. Such an exchange is often not appropriate due to such factors as surrender charges on your existing contract, the surrender charge period on the new contract, transaction costs associated with the exchange, the values of the new contract versus the old contract, and the various fees and expenses associated with the new product. Therefore, replacing an existing contract should only be considered after a careful evaluation of these factors as well as a thorough review of your existing coverage.

Wells Fargo and Company and its Affiliates do not provide tax or legal advice. This communication cannot be relied upon to avoid tax penalties. Please consult your tax and legal advisors to determine how this information may apply to your own situation. Whether any planned tax result is realized by you depends upon the specific facts of your own situation at the time your tax return is filed.

Insurance products are offered through non-bank insurance agency affiliates of Wells Fargo & Company and are underwritten by unaffiliated insurance companies.

Wells Fargo Advisors is not a legal or tax advisor.

Wells Fargo Advisors is a trade name used by Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC, Members SIPC, separate registered broker-dealers and non-bank affiliates of Wells Fargo & Company.