

How Much Does Long-term Care Cost?

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Who will take care of you when you no longer can? While we'd all love to be the 96-year-old running the Boston Marathon, the fact is, as we age, most of us will require some form of long-term care in our lifetime. While preparing for the enjoyable moments in retirement is often easier, it is vital to plan for the financial burden that can accompany the need for long-term care. Doing so early can help prevent sticker shock when you open your first bill.

What Is Long-term Care?

It's crucial to understand what long-term care entails before we can dive into how much it costs. Long-term care refers to the care and assistance you may need in your later years as tasks become more difficult. This may be due to chronic illness, disability, or simply the natural effects of aging.

On average, around 70% of individuals over age 65 will need some form of long-term care during their lifetime. These services can be provided in a variety of settings, such as in your home, an assisted living facility, or a skilled nursing home.

What Is the Cost of Long-term Care?

The cost of long-term care varies widely, ranging from \$1,500 to over \$10,000 each month depending on the location and the services provided. In 2021, the median monthly cost of assisted living in the United States was \$4,500. Skilled nursing facilities, on the other hand, have a median monthly cost of around \$9,000 for a private room (additional costs may be incurred for medication management and specialized care). Note that these costs don't account for the projected future cost of long-term care, which is expected to increase as medical treatments advance and life expectancy improves.

Long-term care costs are on a trajectory that increases as you age. For example, the need for long-term care could start with you hiring a caregiver to help with chores and errands a few times a week. However, as time goes on, the house may no longer be the best living environment for you, and you may transition into an assisted living facility for more care. After a while, you may develop more specific needs that require moving to a full-time skilled nursing home. Long story short, it's common for the price of long-term care to slowly increase as you need more help.

The sticker shock of long-term care can be overwhelming. For many, the idea of adding an extra \$500 per month, let alone \$9,000, to their current expenses seems difficult to imagine. To provide some reassurance, it's common to see someone's lifestyle significantly change as they transition into long-term care. Other expenses will decline or be removed entirely as your lifestyle adjusts to your age. Those who move into an assisted living facility, or a full-time skilled nursing facility often sell their home and car as they have no need for them anymore. Remember, these facilities often cover all your living and food expenses leaving you with little to no other bills to account for.

The Bottom Line

Long-term care costs can be significant and may vary depending on the type of care required and the location. However, by gaining an awareness of these potential expenses, individuals can take steps to effectively plan for their future retirement and ensure they have the necessary resources to cover the costs of care as they age.