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Life. Investing. And Everything in Between



TACKLING LONG-TERM CARE NEEDS

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It's hard to think about, but long-term care is an important need for which you should prepare.

How much care might you need? On average, women will need 3.7 years of care, and men will need an average of 2.2 years.

Approximately half of people turning age 65 will require some type of paid long-term care in their lifetimes, according to Morningstar.

About 60% of us will need assistance with things like getting dressed, driving to appointments, or making meals, according to the Administration for Community Living (ACL), a division of the U.S. Department of Health and Human Services. Not all of these activities will require paid assistance.

Some of us may require home care, which would include those who need minimal assistance with health-related tasks. Others might benefit from adult daycare, which offers daytime supervision, including meals, recreational and therapeutic activities. It occurs in a community setting.

Newsletter Highlights

6 Steps to long-term care planning

Medicare vs Medicaid

Developing financial strategies

Brief Market Update

War in the Middle East

Investor's Corner





6 STEPS TO LONG-TERM CARE PLANNING

Planning is critical, but many people are not sure what is covered by insurance, and others are often misinformed about what is covered by Medicare. Here are six steps to help you think—and begin planning for—your possible long-term care needs.

- Gauge the likelihood of needing care.
- Review potential costs.
- Assess available resources.
- Create a long-term care fund.
- If insurance is the answer, investigate whether a stand-alone or hybrid policy makes sense.
- If government-funded care is part of the solution, think through the ramifications.

Medicare and most health insurance plans, including Medicare Supplement Insurance (a Medigap policy), do not pay for long-term care.

What does Medicare Cover?

Medicare covers up to 100 days of nursing home care. For many, that may not be enough.

Medicare can help with costs for skilled-home health or other skilled in-home services. What is skilled-home health? It is a wide range of health care services that can be provided in your home for an illness or injury. These might include monitoring a serious injury or illness, injections, patient and caregiver education and nutrition therapy.

The ACL defines long-term care as “a range of services and supports you may need to meet your personal care needs. Most long-term care is not medical care, but rather assistance with the basic personal tasks of everyday life, sometimes called Activities of Daily Living (ADLs).”

The definition seems a bit on the dry side, so let’s take a more practical approach.

ADLs include:

- Shopping for groceries or clothes
- Managing money
- Housework
- Caring for pets
- Bathing
- Using the bathroom
- Taking medication



The goal is to help you recover, regain independence, become more self-sufficient, or slow any decline in health.

Generally speaking, long-term care services by Medicare are provided for a short period of time.

Medicare does not pay for non-skilled assistance with ADLs, which make up most long-term care services.

If needed, you will have to pay for long-term care services that are not covered by a public or private insurance program.

WHAT ABOUT MEDICAID?

Medicaid is available to those who meet strict income and asset guidelines. Unlike Medicare, which is health insurance, Medicaid is public assistance.

Medicaid will count wages, Social Security benefits, pension, veteran benefits, bank and investment accounts, trusts and annuities and your property.

In most states, Medicaid looks at your income over the last five years, according to the American Council on Aging. California reviews your data going back 30 months. Assets that were transferred or gifted during that period may count against you. So, we would advise that you not try to transfer financial assets to qualify for Medicaid.

Medicaid eligibility occurs on a rolling basis. You could make just \$1 over the monthly income limit and end up on the hook for the cost.

DEVELOPING FINANCIAL STRATEGIES

Which option is best will depend on various factors, including age, health status, the likelihood of needing care and your financial situation.

Some people use their own assets to pay for care. Be advised you may have tax consequences for drawing on an IRA, 401k or qualified plan. Discuss this with your tax advisor.

A reverse mortgage, long-term care insurance, hybrid life insurance policies, and annuities can provide much-needed flexibility.



Let's look at these potential resources:

A **reverse mortgage** can be complicated, but it may offer you the cash needed to help with long-term care. Other borrowing options may be available, too, including a home equity loan.

Long-term care insurance is an alternative. The cost will vary depending on the benefits. Younger, healthy people who are at low risk of needing long-term care in the next 25 years may benefit from a long-term care policy.

Costs will rise for those who are older or have health problems. You may not qualify if your health is compromised, or you are already receiving end-of-life care services.

Typically, you become eligible for benefits when you can no longer perform two ADLs. Most policies have a waiting period before you receive benefits.



However, many insurance companies no longer offer traditional policies. Those that do may raise premiums annually, and the cost may be high.

Hybrid life insurance offers unique features that may offer financial assistance. What is a hybrid policy? It combines life insurance with long-term care insurance. The policy may pay for long-term care or a death benefit if the policy isn't used to pay for care.

Another option is a **long-term care annuity**, which provides a benefit based on your investment. However, it has become challenging for insurers to provide these policies due to today's interest-rate environment.

Other avenues

Some states offer PACE (Program of All-Inclusive Care for the Elderly), which is a combined Medicare and Medicaid program. It may pay for some or all the long-term care needs of a person with Alzheimer's disease.

SHIP, the State Health Insurance Assistance Program, is a national program offered in each state that provides one-on-one counseling and assistance with Medicaid and Medicare.

Final thoughts

How you should approach long-term care will depend on your circumstances. We have offered a basic outline of various options. If you have additional questions or concerns, we encourage you to reach out to us.

BRIEF MARKET UPDATE

STOCKS WAVER IN OCTOBER

October has been associated with frightening incidents in the financial world.

Perhaps this is because two significant stock market crashes that occurred in 1929 and 1987 happened in the month that sports Halloween.

However, it may surprise you to know that broad market indexes such as the S&P 500 have historically performed well in October (data provided by the St. Louis Federal Reserve). Nonetheless, last month was an exception to the usual trend.



Key Index Returns		
Index	MTD %	YTD %
Dow Jones Industrial Average	-1.4	-0.3
Nasdaq Composite	-2.8	22.8
S&P 500 Index	-2.2	9.2
Russell 2000 Index	-6.9	-5.6
MSCI World ex-U.S.A*	-4.3	-0.3
MSCI Emerging Markets*	-3.9	-4.3
Bloomberg Barclays U.S. Aggregate Bond TR USD	-1.6	-2.8

Source: Wall Street Journal, MSCI.com, MarketWatch, Bloomberg

MTD returns: September 29, 2023–October 31, 2023 YTD returns: December 30, 2022–October 31, 2023

*U.S.D.

It can sometimes be challenging to pinpoint the ‘why’ behind market movements. This was true last month.

Are investors getting anxious about the economy? Gross Domestic Product accelerated to a robust annualized pace of 4.9% in Q3, per the U.S. Bureau of Economic Analysis.

However, weakness in smaller company stocks, as illustrated by the sell-off in the Russell 2000 Index (these firms obtain their business primarily in the U.S.), might suggest there were some economic jitters.

In the broadest sense, market sentiment was depressed by rising bond yields, with the 10-year Treasury briefly exceeding 5%, marking its highest yield since 2007 (CNBC).

In part, “higher for longer,” as Fed officials have been fond of saying, is playing a role. By that, they mean they expect the fed funds rate will remain elevated for an extended period of time.

In part, the enormous federal deficit and the accompanying need to borrow an ever-increasing amount of cash jolted the bond market.

It is not easy to measure the precise effect of Fed policy and the federal deficit on yields. When a bond is bought or sold, there is no explicit justification for the transaction on the trade ticket. However, it is fair to assume that both factors are impacting yields to some degree.

For investors, all else being equal, higher interest rates and higher bond yields provide income but create stiffer competition for stocks.



WAR IN THE MIDDLE EAST

On October 7, Hamas, a designated terrorist group by the U.S. and European Union, launched an appalling and unwarranted attack on Israeli citizens and the nation of Israel.

It is difficult to be clinical and objective following the tragedy. Real emotions surface. They have their place. But in this forum, our job is to analyze what is happening through a very narrow prism—i.e., how it might affect investors.

When such an event occurs, investors attempt to measure the potential impact on the U.S. economy.

So far, investors believe the violence will be contained. Oil prices, which briefly rose following the attack, ended the month slightly below where prices stood on October 6 (MarketWatch data).

Perhaps that is because past geopolitical shocks have not had a longer-term impact on stocks. Knee-jerk reactions are rarely profitable.

While what happened in the past is no guarantee of future performance, reviewing 23 separate geopolitical events since Pearl Harbor, the average loss for the S&P 500 on the first day was 1.1%, and the average pullback was 4.7%, according to LPL Research.

The 1973 Yom Kippur War led to the OPEC oil embargo, soaring oil prices and a steep U.S. recession, but it was an outlier. Today's oil market is different, geopolitical dynamics in the Middle East are different, and the U.S. is a leading oil producer.

That said, any significant disruption in oil supplies would send the price of crude higher. Such an event can't be completely discounted.

INVESTOR'S CORNER

We always emphasize that you should control what you can control. I know, I sound like a squeaky wheel...

- Long-term performance is about time in the market, not timing the market.
- Your behavior plays an important role in long-term returns. How do you react when stocks soar or falter? Does euphoria lead you to become too aggressive? Does market weakness push you to sell after equities have already faltered?
- What is the best approach to your financial plan? Your mix of stocks, bonds and cash (and any other diversified asset classes) plays a role. Much will depend on your appetite to take on risk and your time horizon. Successful long-term investors recognize that a disciplined approach has been the shortest path to achieving one's financial objectives. Your financial plan helps enforce that discipline.

It's not something that is set in stone. Life events can create the need for adjustments, but the plan is your blueprint for financial success.



I really hope you found this review helpful! If you have any questions or concerns, please feel free to reach out to me or anyone on my team. We're here to help!

To our valued clients, thank you for choosing us among the many advisors available to you. Your decision to work with our firm is truly appreciated, and I am deeply honored to be your financial advisor.

If you are not yet a client but are intrigued by our exceptional client experience, I would be thrilled to have a conversation with you. Let's meet and discuss all the possibilities!

Wishing you and your family the Happiest of Thanksgivings!

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