

## The cost of care:

Planning for one of retirement's biggest blind spots



Long-term care (LTC) is one of retirement's most significant financial challenges—and arguably its most overlooked. Nearly 70% of retirees will need some form of LTC at some point during their lifetime; this care can range from in-home assistance to 24-hour care in a nursing facility. And nearly 20% of retirees will require care for more than five years.<sup>1</sup>

This care doesn't come cheap. The median monthly cost of a private room in a nursing home is \$376 per day or nearly \$11,300 per month in 2026.<sup>2</sup> The median cost of non-medical in-home care is \$33 per hour. To put that into perspective, 80 hours of care per month would work out to more than \$2,600.<sup>3</sup>

Bear in mind that LTC ranges from assistance with managing routine tasks at home to intensive medical care at an in-patient facility. And consider that for women, longer life expectancy can mean more extensive health or medical needs—and more expense. Indeed, women average 3.7 years of LTC, while men average 2.2 years.<sup>4</sup>

The price of failing to prepare can be steep: To access funds for care, families may be forced to cash out investments or insurance or even sell a home. And in many cases adult children may find themselves needing to step in to provide financial and practical support—which is often the last thing their parents want.

By planning ahead for the potential cost of long-term care, you can help reduce the unexpected strain on your savings and also help ensure you maintain financial stability throughout your retirement years.

## Why long-term care solutions are often ignored

Many retirees mistakenly believe that Medicare will pay for long-term care. In fact, Medicare and most insurance—including Medicare Supplement Insurance (Medigap)—generally do not cover medical or non-medical LTC, such as assistance with daily living activities.<sup>5</sup>

Some people may avoid planning for LTC because it's an emotional hurdle—they'd rather not think about aging, illness or losing independence. Others may assume they'll stay healthy enough to not need care as they age. For many, there may be a perception that planning for LTC is too expensive or too complicated to pursue. Whatever the reason, this topic often takes a back seat.

Yet the costs of in-home care, assisted living or nursing home care services can add up quickly. Without a plan in place, there can be a critical gap in financial preparedness.

## Building a financial safety net

Several solutions exist to fund long-term care without straining your regular budget, using funds meant for other purposes or relying on family support. And starting early can give you greater flexibility and peace of mind.

### Long-term care insurance

Long-term care insurance is designed specifically to provide financial coverage for services such as home care, assisted living and nursing home stays. These policies pay out benefits if you require assistance with daily living activities or experience severe cognitive impairment.

It's important to note that premiums are generally lower when the policy is purchased at a younger age, typically in your 50s or early 60s. Also, premiums may be tax-deductible if the policy meets certain federal requirements.

### Hybrid life insurance with LTC riders

Hybrid life insurance with long-term care riders combines life insurance and long-term care benefits within a single policy. If you require long-term care, the policy allows you to use the death benefit to cover those expenses; if you never need care, the full death benefit is paid to your beneficiaries.

These policies typically offer guaranteed premiums and are generally easier to qualify for than traditional long-term care insurance. However, premiums for hybrid policies usually do not qualify for tax deductions.

### Annuities with LTC benefits

Annuities with long-term care benefits are structured to provide extra payouts if you need long-term care. They may require a significant upfront investment—typically a single premium payment—in exchange for a guaranteed stream of income during retirement. If long-term care is needed, your monthly payouts increase for a specific period to help cover care costs.

This option can be especially useful if you want both a guaranteed income stream and protection for long-term care expenses, but don't qualify for traditional long-term care insurance or don't want to pay for a standalone LTC policy.

### Health Savings Accounts (HSAs)

Health Savings Accounts (HSAs) allow individuals to save money tax-free for healthcare expenses. High-deductible health plans are a requirement for HSA eligibility.

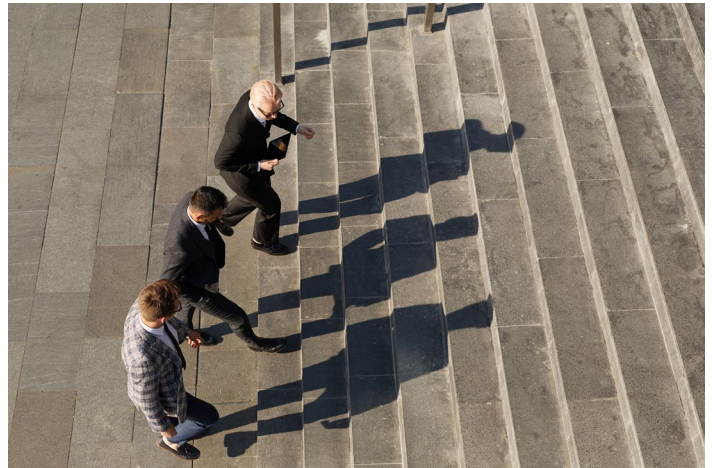
HSAs can be used to fund certain long-term care costs—qualified long-term care insurance premiums, or medically necessary care services in assisted living facilities or nursing homes. Be aware that room and board expenses are not covered by HSA funds; using them for that purpose or other non-eligible expenses will incur income tax and possibly a 20% penalty if taken prior to age 65.

The key to this strategy is to start funding the HSA as early and as fully as possible to take advantage of long-term compounding. The annual contribution limit for 2026 is \$4,400 for an individual, with higher limits for families and those that are age 55 and older.<sup>6</sup>



## Putting it all together

Financial planning is the process of envisioning your best life, putting strategies in place to fund your goals and help protect against risks that could disrupt your financial journey. Your wealth advisor can guide you through options designed to help you navigate challenges like unexpected long-term care expenses. The goal? To take the fear out of “what-ifs” and help you move forward with greater peace of mind.



For more information visit: [mariner.com](https://www.mariner.com)

<sup>1</sup>[“How Much Care Will You Need?”](#)

<sup>2</sup>[“Nursing Home Costs in 2026”](#)

<sup>3</sup>[“How Much Does In-Home Care Cost in 2025? A State-by-State Guide”](#)

<sup>4</sup>[“How Much Care Will You Need?”](#)

<sup>5</sup>[“Long-term Care”](#)

<sup>6</sup>[www.irs.gov/pub/irs-drop/rp-25-19.pdf](https://www.irs.gov/pub/irs-drop/rp-25-19.pdf)

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Because the administration of a Health Savings Account (HSA) is a taxpayer’s responsibility, you are strongly encouraged to consult your tax advisor and review information available on the Internal Revenue Service website at IRS.gov.

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