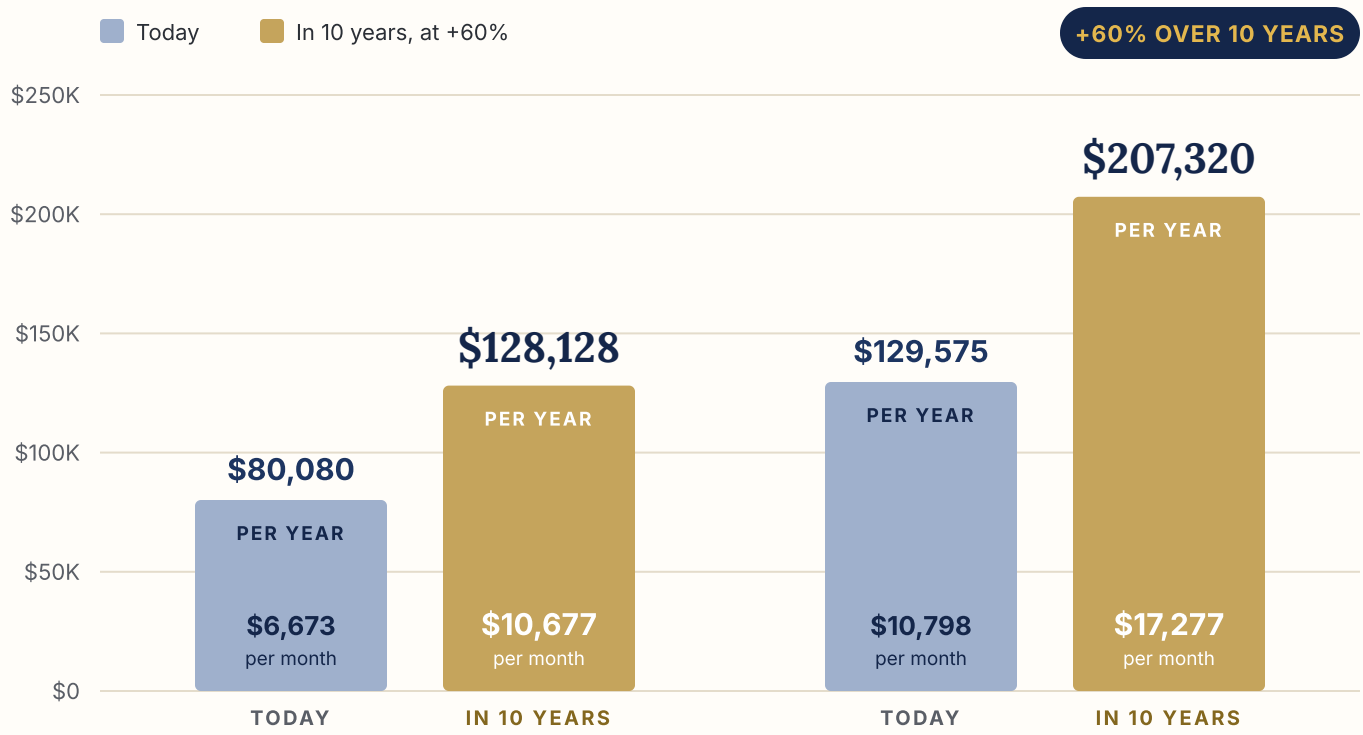
THE RISING COST OF CARE

What Long-Term Care Could Cost You

About 70% of Americans 65 and older will need some form of long-term care.[1] Most retirement plans account for market swings, taxes and inflation. Fewer account for the cost of care, which can drain savings faster than any of them. Here is what care costs today, and what it could cost 10 years from now if prices rise 60%.



WHAT CARE COULD COST EACH MONTH IN 10 YEARS[2]

HOME HEALTH CARE

$10,677 /month

up $4,004 a month from $6,673 today

NURSING HOME

$17,277 /month

up $6,479 a month from $10,798 today

70% of Americans 65 and older will need some form of long-term care.[1]

3.7 yrs average time women need care, compared with 2.2 years for men.[1]

$0 Medicare generally does not pay for long-term custodial care.[3]

[1] U.S. Department of Health and Human Services, Administration for Community Living. [2] Today's costs: CareScout (Genworth) 2025 Cost of Care Survey, national medians, released March 2026. Home health care reflects a non-medical caregiver at 44 hours per week; nursing home reflects a private room. Monthly figures are annual costs divided by 12. Future costs are hypothetical and assume a 60% total increase over 10 years (about 4.8% a year); actual costs will vary by location and over time. [3] Medicare.gov.

THE PENSION PROTECTION ACT

Paying for Care with Tax-Advantaged Dollars

The Pension Protection Act of 2006 (PPA) changed how certain annuities and life insurance policies can be used to pay for long-term care. Its long-term care provisions took effect on January 1, 2010. When a policy includes a qualified long-term care benefit, money used for qualified care can generally be received free of federal income tax.

BEFORE THE PPA

Gains taken out of an annuity to pay for care were taxed as ordinary income, which left less money for care.

Annuity gain used for care	$50,000
Federal income tax at 24%	−$12,000
Left for care	$38,000

WITH A QUALIFIED LTC BENEFIT

Benefits paid for qualified long-term care expenses, including the gain, are generally free of federal income tax.

Annuity gain used for care	$50,000
Federal income tax	$0
Left for care	$50,000

Hypothetical example for illustration only. Assumes a 24% federal tax bracket and qualified long-term care expenses. Not representative of any specific product.

01

Annuities with long-term care benefits

Some annuities include a qualified long-term care rider. Many can provide a multiple of the contract value for qualified care. Benefits used for qualified care are generally income-tax free, and any value you don't use can pass to your beneficiaries.

02

Life insurance with long-term care benefits

Some life insurance policies let you use part of the death benefit early to pay for qualified long-term care. These benefits are generally income-tax free within IRS limits, and whatever you don't use for care passes to your beneficiaries.

03

Tax-free 1035 exchanges

The PPA also allows an existing annuity or life insurance policy to be exchanged tax-free for one with qualified long-term care benefits. That can put existing gains to work for care without a current tax bill.

> **Who qualifies for benefits?** Generally, a licensed health care practitioner must certify that you are unable to perform at least two of six Activities of Daily Living (bathing, continence, dressing, eating, toileting and transferring) or that you have a severe cognitive impairment.

Find out how prepared you are for the cost of care.

Book a free, no-obligation long-term care review.

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