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The downside of living longer? Long-term care costs

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We all know that Canadians are aging. Canada had more than 5,000 centenarians in 2011, but in 46 years that number could top 78,000.

The good news is your chance of living to 100 or more is greater than ever. The bad news is that as you age, you are increasingly likely to suffer some sort of illness.

From a financial planning perspective, the repercussions are daunting. Retirement plans must address how people will pay for the health care they could need later in life, including residential long-term care.

Long-term care encompasses a variety of medical services to people stricken with a chronic illness or disability, such as heart disease, stroke or Alzheimer's, who cannot look after themselves in their own homes. Often, these people need help with everyday activities such as bathing, eating and dressing.

But where will that care come from, how much will it cost, and who will pay for it?

"Many Canadians mistakenly believe that full-time care in a long-term care facility will be fully paid by government health care programs," says Stephen Frank, a vice-president at the Canadian Life and Health Insurance Association.

"However, the truth is that government health care programs may cover only a small part of the costs for a nursing home or other specialized residential care facility or perhaps none at all depending on the circumstances. This means that individuals - or their families - will have to pay for a significant portion of the costs associated with a long-term care situation out of their own pockets."

To help you plan, The Globe and Mail has created the "Have you saved enough to stay in a long-term care facility calculator."

(Find it at: tgam.ca/ltc). It's designed for anyone who wants to get a sense of the expense associated with government-subsidized long-term care options across Canada.

To use the calculator, you tell us where you live and how long you think you or a family member might need long-term care, and we'll show you the cost of that care today, based on current rates across the country. There are not many online tools that help Canadians plan for the cost of longterm care - this one is designed to help fill that gap.

It's important to note that these government-subsidized facilities are only one piece of the longterm care puzzle in Canada.

There are other options, such as informal unpaid care by a family member, regular care at home from paid caregivers, retirement residences - some of which amp up the level of care as required - and the government-subsidized facilities that are the focus of our interactive tool.

In order to be admitted to a subsidized long-term care facility, you must qualify according to varying guidelines and legislation. Keep in mind that both rates and eligibility for long-term care facilities will change over time.

The final number from our calculator will give you a good sense of how much care could cost you later in life, based on the province, length of stay, and the different facility options you selected.

For example, our calculator shows that 18 months in a private long-term care room in Ontario would come in at about \$46,000, while in Alberta it would cost just more than \$34,000 - and in New Brunswick, nearly \$62,000. What the numbers show is that Canadians owe it to themselves, and their families, to think about how much long-term health care will cost them in their golden years - and to plan accordingly.

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