People are living longer than ever. This means more years to enjoy retirement. However, living longer can come with a new set of challenges.

Health care, possibly including long-term care, is expected to be one of your largest expenses and potential key risks when planning for retirement—and the sooner you prepare, the better.

According to the Fidelity Retiree Health Care Cost Estimate, an average retired couple age 65 in 2020 may need approximately $295,000¹ saved (after tax) to cover health care expenses in retirement. This estimate does not include annual costs for long-term care.

Ask yourself these questions as you think about long-term care:

- How concerned are you with potentially needing long-term care and how could it impact your loved ones?
- Where would you like to receive long-term care if the need arises?
- How will you cover the costs of long-term care?

At Fidelity, we believe that planning ahead for long-term care can help families manage financial, personal, and emotional challenges that arise when their loved ones require these services to meet their needs of daily living.

For example, think of the impact to your loved one’s daily life if they are taking care of you:

- Work/career may be impacted due to time spent caregiving
- High levels of stress can affect physical and mental health
- Less attention paid to family/personal relationships
- Financial support to help cover caregiving expenses

¹For details used to estimate the $295,000 health cost, please refer to the back page.
What is long-term care?

First, let’s understand what long-term care means.

Many people think that long-term care refers only to nursing homes or end-of-life care. It actually encompasses a wide variety of services that help with a person’s personal care during either short or long periods of time.

The most common type of long-term care is focused on personal care—also called “activities of daily living.” These activities include bathing, dressing, eating, being able to walk or move, toileting and continence.

The goal of long-term care planning is to help you be better prepared as you age.
Who might need long-term care?

Although there is no way to predict if you will need long-term care, some factors can play a larger role in increasing the need.

Below are aspects to keep in mind when thinking about the potential need for long-term care:

<table>
<thead>
<tr>
<th>Age</th>
<th>Gender</th>
<th>Marital Status</th>
<th>Lifestyle</th>
<th>Health &amp; Family History</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk usually increases as you get older.</td>
<td>Women are at higher risk, generally because they live longer.</td>
<td>Single or widowed people are more likely to need outside help.</td>
<td>Lack of exercise and poor diet increase risk.</td>
<td>Family history is a factor in assessing risk.</td>
</tr>
</tbody>
</table>

When might I need care?

Just like trying to predict if you will need long-term care, knowing when you may need care is also challenging.

Sometimes the need will arise suddenly, like with a stroke or accident. Often it develops gradually as you get older.

It is impossible to determine with certainty if or when you may need long-term care, which is why having a plan is so important.
Who will provide your care and where can you get it?

Long-term care can be provided in a variety of different ways, including at home, through community care, or in a facility. All of these offer different degrees of care at different costs.

For instance, at-home care could involve services which are “hands-off,” such as cooking and cleaning.

More structured care could be adult day health care that includes social activities and, often, transportation.

Finally, there are assisted living or nursing homes that provide both medical and personal care.

It is important that you understand the differences in types of care as you begin to plan for your potential future needs.

<table>
<thead>
<tr>
<th>Type of Care</th>
<th>Description</th>
<th>Cost Type</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>At home</td>
<td>Family member</td>
<td>Unpaid*</td>
<td>N/A*</td>
</tr>
<tr>
<td></td>
<td>Care Aid services generally include hands-off care, such as cooking &amp; cleaning.</td>
<td>Paid</td>
<td>$–$$</td>
</tr>
<tr>
<td></td>
<td>Home Health Aid services are more hands-on, but don’t include medical care.</td>
<td>Paid</td>
<td>$–$$</td>
</tr>
<tr>
<td>Community</td>
<td>Adult Day Health Care can provide social activities in a structured setting, often with provided transportation.</td>
<td>Paid</td>
<td>$$</td>
</tr>
<tr>
<td>Facility</td>
<td>Assisted Living or Residential Care Facilities are an alternative to nursing care because they provide some medical and personal care needs in a residential setting.</td>
<td>Paid</td>
<td>$$$</td>
</tr>
<tr>
<td></td>
<td>Nursing Home Care is the most intense level of residential medical and personal care in a structured 24-hour care environment.</td>
<td>Paid</td>
<td>$$$</td>
</tr>
</tbody>
</table>

*According to the Genworth Beyond Dollars 2018 Survey, a caretaker spends approximately $10,400 out of pocket a year.

† According to the 2018 Pew Research Center Analysis, caregivers spend an average of 80 minutes per day providing care.

†When Care Aid and Home Health Aid services are combined, the cost can dramatically rise.
How much does care cost?

It’s important to understand the potential costs for long-term care. Costs can start lower, such as for at-home care, and then increase as more care is needed, such as in an assisted living facility.

Expenses have also continued to increase over the last 16 years. According to the Genworth 2020 Cost of Care Survey, nursing home care has increased by 62% for a private room.

Please keep in mind that these prices will also depend on where you live. For example, the East and West Coasts typically have the highest prices, while Midwest prices tend to be lower.

### Annual Median National Costs

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2020</th>
<th>Total Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homemaker Services</td>
<td>$38,100</td>
<td>$53,768</td>
<td>41%</td>
</tr>
<tr>
<td>Home Health Aid</td>
<td>$42,168</td>
<td>$54,912</td>
<td>30%</td>
</tr>
<tr>
<td>Assisted Living Facility</td>
<td>$28,800</td>
<td>$51,600</td>
<td>79%</td>
</tr>
<tr>
<td>Private Room (Nursing Home)</td>
<td>$65,184</td>
<td>$105,850</td>
<td>62%</td>
</tr>
</tbody>
</table>


Options for paying for care

There are different ways you can pay for long-term care. Which option(s) you choose depends largely on your financial circumstances—both now and in retirement.

#### Options

<table>
<thead>
<tr>
<th>Personal Savings:</th>
<th>Traditional Long Term Care Insurance:</th>
<th>Government Assistance:</th>
<th>Hybrid Insurance:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Can provide flexibility and growth potential</td>
<td>• Generally annual premium &amp; offers a high degree of personalization</td>
<td>• Limited benefits for skilled care</td>
<td>• Insurance policies that combine long-term care coverage with life insurance or annuities</td>
</tr>
<tr>
<td>• Should be considered only if you have substantial savings</td>
<td>• Many insurance companies no longer offer</td>
<td>• Starts once certain state eligibility requirements are met</td>
<td>• Can provide additional benefits for your loved ones if you don’t use it</td>
</tr>
</tbody>
</table>
Let’s discuss the importance of planning

We believe that retirement planning conversations should include a discussion of the impact that long-term care costs may have on you and your family’s future.

And the sooner you start thinking about your options before you need them, the better. This will help provide you with more choices about how and where you receive care.

Cost of Waiting

- Higher premiums
- No guarantee of coverage
- Potential increased health risk

As with other retirement planning you have done, long-term care should fit your personal situation. You will need to balance what you can afford, the kind of care you expect, and the risks you might face.

Long-term care may not only be a financial burden but an emotional one as well for both you and your family. Thinking ahead can help reduce financial stress while giving you and your family peace of mind.

According to the 2018 Genworth Beyond Dollars Survey, 63% of care recipients, prior to receiving care, never considered that the need was a real possibility.

Questions to consider when planning

Here are some important considerations to help you and your loved ones with your planning discussions.

- Who could become financially responsible for you?
- What kinds of health conditions run in your family?
- How would you handle a health event?
  - What’s your plan for your care?
  - Who will make decisions if you’re unable to?
  - Do your loved ones know your wishes?
  - Can they get to key planning documents?
  - Do they know what you expect them to do?
- How have you prepared your loved ones to manage your household finances?
- Would your loved ones know whom to contact if something happened to you?
Unlocking misconceptions about long-term care

Unfortunately, there are many misconceptions about long-term care which could cause people to not make informed decisions. Below are some common myths and the facts for each.

1. Medicare, Medicaid or other health/disability insurance pays for long-term care.
   - Generally, these types of options do not cover long term care costs, and you will need to find alternative sources to pay for it.
   - Almost two-thirds of caregivers pay for care with their own savings/retirement funds.6

2. Nursing homes are the only place where elderly people receive care.
   - Nursing home care is just one of many different settings of long-term care and may or may not be a fit for your situation.
   - Approximately 1.4 million people in the United States are in assisted living or nursing homes.7

3. My family will take care of me at home.
   - This may not be the best option and will depend on your support network plus services you may need.
   - More than one-third of caregivers provide intense care to others while suffering from poor health themselves.8

4. I won’t need long-term care.
   - A long term care event can happen any time during your life and the risk increases as you age.
   - 70% of Americans age 65+ will need some type of long-term care in their future.9

5. I can cover the cost for long term care needs on my own.
   - There are a variety of options available to help cover the cost of long-term care without depleting your savings.
   - Fewer than one-third of Americans age 50 and over have started saving for long-term care.10

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5 For more information regarding benefits provided by Medicare or Medicaid (Medi-CAL in California) visit cms.gov. Medicaid guidelines vary by state. Contact your local Medicaid office for details.
7 nursinghomeabusecenter.org/informative/facts-statistics-nursing-homes. 
8 Caregiver.org. 
10 Longtermcare.acl.gov.
Take the next step to learn more and get started.

Contact your Fidelity representative or call 800-544-2442 to discuss your options for including long-term care in your retirement planning.

Visit Fidelity.com/LTC any time to:

- Learn more about long-term care.
- Explore educational videos.
- Learn about next steps.

This information is intended to be educational and is not tailored to the investment needs of any specific investor. Fidelity does not provide legal or tax advice. The information herein is general in nature and should not be considered legal or tax advice. Consult an attorney or tax professional regarding your specific situation.

Details for the estimated $295,000 health care cost referenced on page 1:

Estimate based on a hypothetical couple retiring in 2020, 65 years old, with life expectancies that align with Society of Actuaries' RP-2014 Healthy Annuitant rates with Mortality Improvements Scale MP-2017. Actual assets needed may be more or less depending on actual health status, area of residence, and longevity. Estimate is net of taxes. The Fidelity Retiree Health Care Cost Estimate assumes individuals do not have employer-provided retiree health care coverage, but do qualify for the federal government’s insurance program, Original Medicare. The calculation takes into account cost-sharing provisions (such as deductibles and coinsurance) associated with Medicare Part A and Part B (inpatient and outpatient medical insurance). It also considers Medicare Part D (prescription drug coverage) premiums and out-of-pocket costs, as well as certain services excluded by Original Medicare. The estimate does not include other health-related expenses, such as over-the-counter medications, most dental services and long-term care.