



# Retirement Planning in a Longer Lifespan Era

Retirement used to be the finish line. Now it's more like the second act. That's great news, as long as your financial plan supports the life you want to keep living.

Retirement planning often begins with income strategy: optimizing Social Security, coordinating portfolio withdrawals, and stress-testing whether the numbers truly hold up over time.

But living longer introduces variables — health, independence, and care needs — that don't fit neatly into a spreadsheet.

*The real question isn't if long-term care may be part of the picture. It's how it should be funded and structured — through insurance, hybrid strategies, personal assets, or public programs — well before the decision becomes urgent.*

## Longevity Risk Is More Than a Numbers Problem

Living longer is, by most measures, a success story. Over the past century, life expectancy at birth has increased by more than two decades — rising to roughly 80 years for men and 84 for women.

Against that backdrop, research from the U.S. Department of Health and Human Services estimates that 70% of Americans who reach age 65 will require some form of long-term care during their lifetime.

And yet, nearly two-thirds of pre-retirees underestimate healthcare costs, while only 27% believe they will need long-term care at all, according to a 2025 study by Jackson National Life and the Center for Retirement Research at Boston College.

This gap between expectations and reality underscores why longevity risk isn't simply about outliving assets, but about preserving independence and options as circumstances change. Long-term care doesn't necessarily mean institutional care; it may include help with activities of daily living at home, recovery support after illness, memory care, or assisted living within a community.

## Long-Term Care Plans Look Different for HNW Families

For affluent households, the long-term care conversation is rarely about access alone. Many may have the ability to self-fund care if needed, but the more complex question is how doing so would affect liquidity, flexibility, and long-term goals.

Drawing heavily from illiquid assets, closely held businesses, or long-term investments can introduce tax consequences or force decisions at inopportune times.

Long-term care costs can also affect a surviving spouse, heirs, and philanthropic or estate plans — often influencing how financial resources, lifestyle expectations, and broader wealth strategies come together.

## The Four Primary Ways Long-Term Care Is Funded

Long-term care strategies may rely on one or more funding structures. Each carries distinct tradeoffs, and none is universally appropriate. Even when there's capacity to self-fund, the question is not *can we pay*, but *should we bear the risk directly—or transfer part of it?*

### 1. Traditional Long-Term Care Insurance

Traditional long-term care insurance is designed solely to help cover the cost of care — such as in-home support, assisted living, or skilled nursing — if it's needed. Policies vary widely in benefit amounts, inflation protection, premiums, and underwriting standards.

Traditional coverage can serve as a hedge against high-impact, long-duration care scenarios, particularly when preserving liquidity or protecting other assets is a priority, though premiums are paid for protection alone, with no residual value to retain or transfer or a death benefit.

While traditional policies may offer easier access through ongoing premiums rather than a large upfront commitment, they can also involve less predictability over time, including potential premium increases and strict rules governing when and how benefits are paid.

### 2. Hybrid Life or Annuity-Based Strategies

Hybrid long-term care strategies use a life insurance policy or annuity to fund long-term care benefits, while still providing a death benefit or return of premium if the policy is never accessed.

They're often considered by families seeking greater certainty around premium cost, or those who value preserving some residual value if long-term care is never needed. The tradeoff is typically a higher upfront commitment in exchange for greater certainty around premium costs and greater flexibility in how funds can be used.

### **3. Personal Assets and Family Resources (Self-Funding)**

Self-funding involves using personal savings, investment portfolios, or family resources to pay long-term care costs, rather than relying on an insurance policy.

Families often consider this approach when they have substantial assets and are comfortable retaining the risk (that is, they believe their investments can outperform the growth that an insurance annuity offers).

### **4. Public Programs and Medicaid Planning**

Medicare only provides limited, short-term coverage for skilled care and does not cover ongoing long-term care. Medicaid, by contrast, is the primary public payer for long-term care, but eligibility is limited to individuals who meet strict income and asset thresholds—typically requiring significant spend-down or advance planning.

While Medicaid planning is not typically a first choice for high-net-worth families, it can become relevant in cases of prolonged, multi-year care — particularly for memory or nursing care. In those scenarios, Medicaid coverage may result in reduced choice of care settings and limited flexibility compared with private-pay options.

### **The Value of Early, Intentional Planning**

Because options for long-term care protection differ in cost, flexibility, and eligibility, timing matters. Long-term care planning is fundamentally different when addressed early, during good health, versus later under time or medical constraints. Earlier planning tends to offer broader options, more favorable economics, and the ability to integrate care considerations with estate, tax, and legacy strategies.

AARP reports that financial advisers generally recommend shopping for long-term care coverage between about ages 60 and 65, a “Goldilocks age” when premiums are still relatively affordable and health underwriting hurdles are few. After age 65, the risk of higher costs — or in some cases ineligibility — increases as health changes or medical underwriting becomes more restrictive.

## Planning for Care Is Planning for Independence

At its core, long-term care planning is less about predicting outcomes than preserving agency over how care is delivered and funded.

In an era of longer lives, thoughtful planning helps align extended years with personal values, family priorities, and care decisions.

The goal isn't to plan for decline, but to plan for continuity.

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