

## Estimated Future Cost of Care and Policy Benefits with Inflation Increases

What will costs of care look like in the future? If LTCI benefit is less than cost of care, the insured would have to pay the difference out-of-pocket. Twenty-six years ago, nursing facility charges averaged \$60/day. (At 5% compounding, today's value would be \$224.) Average cost of care for 2017 is approximately \$220/day (\$6,700/month).

	<u>NO INFLATION</u>	<u>In 20 yrs.</u>	<u>In 30 yrs.</u>	<u>In 40 yrs.</u>
<b><u>5% compound</u></b>				
PER DAY	\$220	\$584	\$951	\$1,849
PER MONTH	\$6700	\$17,777	\$28,957	\$47,168
PER YEAR	\$80,300	\$213,060	\$347,052	\$565,311
3 yrs/care	\$240,900	\$639,179	\$1,041,156	\$1,695,933
4 yrs/care	\$321,200	\$852,239	\$1,388,208	\$2,261,244
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<b><u>4% compound</u></b>				
PER DAY	\$220	\$482	\$714	\$1056
PER MONTH	\$6700	\$14,681	\$21,731	\$32,167
PER YEAR	\$80,300	\$175,947	\$260,445	\$385,522
3 yrs/care	\$240,900	\$527,842	\$781,334	\$1,156,566
4 yrs/care	\$321,200	\$703,789	\$1,041,779	\$1,542,088
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<b><u>3% compound</u> (historically, the CPI has been approximately 3%)</b>				
PER DAY	\$220	\$397	\$534	\$718
PER MONTH	\$6700	\$12,101	\$16,263	\$21,856
PER YEAR	\$80,300	\$145,031	\$194,909	\$261,942
3 yrs/care	\$240,900	\$435,092	\$584,728	\$785,825
4 yrs/care	\$321,200	\$580,123	\$779,637	\$1,047,767
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<b><u>(\$10,000/month) at 3% compound</u> (historically, the CPI has been approximately 3%)</b>				
PER DAY	\$329	\$594	\$798	\$1,072
PER MONTH	\$10,000	\$18,061	\$24,273	\$32,620
PER YEAR	\$120,000	\$216,732	\$291,276	\$391,440
3 yrs/care	\$360,000	\$650,196	\$873,828	\$1,174,320
4 yrs/care	\$480,000	\$866,928	\$1,165,104	\$1,565,760
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<b><u>5% SIMPLE over time</u></b>				
PER DAY	\$220	\$440	\$550	\$660
PER MONTH	\$6700	\$13,400	\$16,750	\$20,100
PER YEAR	\$80,300	\$160,600	\$200,750	\$240,900
x 3 yrs	\$240,900	\$481,800	\$602,250	\$722,700
x 4 yrs	\$321,200	\$642,400	\$803,000	\$963,600