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Uninsured Long-Term Care Is “Eating” Real Estate by the Square Foot, Michael Zuchowski of ACSIA Partners LLC Reports

Virginia Beach, VA October 20, 2016 -- The cost of care for aging Americans may be viewed as a glutton that devours homes in daily bites that are getting bigger. So says Michael Zuchowski, who represents ACSIA Partners LLC in VA

“Eleven years ago we started translating long-term care costs into square feet of real estate,” says Zuchowski. “We did this to highlight the financial burden of paying for care.”

In July of 2005 the company calculated that the cost for a private room in a nursing home was “eating” two square feet of the average American home each day. Now the bites are 29% bigger, 2.6 square feet, according to Zuchowski.

The company developed the estimate based on the following facts:

The national average annual cost for a private room in a nursing home is now \$92,376, according to the Genworth 2016 Cost of Care Survey, conducted by CareScout®. That's about \$253 a day, up from \$192 in 2005.

The National Association of Realtors® reports that the median price for U.S. homes is now \$240,200. With a median 2,476 square feet per home, according to the U.S. Census Bureau, that equals \$97 per square foot, enough to pay for about a third of a day of nursing home care. In 2005, each square foot paid for about half a day, according to Zuchowski.

The ratios vary by region and home type, of course. Here are some examples.

- 4,000 square-foot home in San Francisco, CA, \$1,800,000: 0.56 square feet eaten by one day of long-term care.
- 1,902 square-foot home in Cleveland, OH, \$150,000: 3.21 square feet eaten by one day of long-term care.
- 1,328 square-foot home in Jamestown, NY, \$65,000: 5.17 square feet eaten by one day of long-term care.

Note that the less a home is worth, the bigger the relative LTC bite may be. For example, consider a 1,532 square-foot home for sale at \$15,000 in Trenton, NJ. It would be “eaten” at the rate of 25.85 square feet a day. Note also that these estimates are very general. For example, in areas where homes cost more, the cost for LTC services may also be higher.

“If you're not protected by insurance or savings,” says Zuchowski, “figure that for every day someone in your family needs care, there goes another chunk of your home.”

In fact, many Americans may be planning, by default, to pay for care with their home equity, Zuchowski observes. “That’s fine if it’s a conscious choice and the best option in their case. We recommend, however, that they explore other options just to be sure.”

The options recommended by Zuchowski’s organization include long-term care insurance, critical illness insurance, life insurance or annuities with long-term care riders, and other solutions ranging from health savings accounts to Medicare supplement plans.

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M. L. "Mike" Zuchowski, CLTC, CSA is a leading long-term care agent serving consumers and organizations in VA, with colleagues covering all other parts of the country.

In California the company is known as xACSIA Partners Insurance Agency; in other states, as ACSIA Partners.

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