

80% of Older Americans Cannot Pay for Long-Term Care or Withstand a Financial Shock, New Study Shows



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As the aging population grows, financial ruin is on the horizon for many families

Key takeaways

- 80% of people age 60 and over (47 million) do not have the financial resources to cover long-term care services or another financial shock.
- 20% of older households (approximately 11 million) have no assets to draw from as they age and need support.
- One in seven older adults will require care for more than five years.

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ARLINGTON, Va., April 19, 2023 /PRNewswire/ -- A new analysis by the National Council on Aging (NCOA) and the LeadingAge LTSS Center @ UMass Boston finds that 80% of older Americans (47 million) continue to be unable to sustain a financial shock such as needing to pay for long-term care services and supports (LTSS) or the loss of income due to divorce or widowhood.

The 80%: The Continued Toll of Financial Insecurity in Retirement looks at the total net value of all assets—housing, retirement accounts, income, and savings—of people age 60 and older by income quintiles and compares that with the cost of two years of in-home long-term care services and nursing homes.

"It is unacceptable that nearly all older Americans are one crisis away from plunging into poverty after working their entire lives and often saving a nest egg that is then wiped out by the cost of care," said Dr. Susan Silberman, NCOA Senior Director, Research & Evaluation. "This is a snowballing crisis given that the older population is growing rapidly. The cost of care is staggering, and older adults' resources are insufficient."

Among the key findings:

- 20% of older households (approximately 11 million) have no assets to draw upon to withstand a financial shock.
- 21-80% have modest assets but would still be unable to afford more than two years of nursing home care or four years in an assisted living community.
- The total net value of household assets is \$39,500 for those in the 21-40% quintile and \$150,000 for those in the 41-60% quintile.

Previous research found that over half of adults age 65 and older will need LTSS for less than two years, and about one in seven will require care for more than five years. In 2021, the median yearly cost of a private room in a nursing home was \$108,405, and that of a home health care aide was \$61,776.

Since Medicare does not cover LTSS costs, older adults and their families must shoulder this financial risk or spend down their assets into poverty to qualify for social safety net programs such as Medicaid.

NCOA is advocating for public policy solutions to address this crisis, including improving access to home and community-based services under Medicaid; providing additional assistance to family caregivers, such as tax credits and paid medical leave; and promoting retirement savings among lower and middle-income workers.

"When you think about these potential costs, and then look at the entire picture of what is available to people in terms of their own resources and government assistance, you realize that the most vulnerable here are middle income Americans, who have the most to lose," said Dr. Marc Cohen, Co-Director of the LeadingAge LTSS Center at UMass Boston.

About NCOA

The National Council on Aging (NCOA) is the national voice for every person's right to age well. We believe that how we age

should not be determined by gender, color, sexuality, income, or ZIP code. Working with thousands of national and local partners, we provide resources, tools, best practices, and advocacy to ensure every person can age with health and financial security. Founded in 1950, we are the oldest national organization focused on older adults. Learn more at www.ncoa.org and [@NCOAging](https://twitter.com/NCOAging).

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