Planning for Long-Term Care: A Guide for FAFICS Association Members

Introduction

The number of retired staff in international organizations is steadily increasing. Many retirees now live well into their 80s and 90s. Globally, the population aged 60 and older is expected to double by 2050. For UN staff, actuarial estimates show that those retiring at 65 can expect to live about 20 more years (for women) or 17 years (for men).

Thanks to medical advances and healthier lifestyles, many retirees remain in good health for longer. However, with increased age comes a higher chance of needing help with daily tasks (Activities of Daily Living (ADL)). Chronic conditions, reduced mobility, and increased fall risk may lead retirees to consider long-term care arrangements.

Planning ahead for this stage can make future decisions easier and improve quality of life. This document provides guidance for FAFICS associations and their members, recognizing that national care systems and cultural expectations vary. Some countries may offer better assistance than others. In some cultures, elderly are typically looked after by their children and grandchildren and frequently live under the same roof. In other cultures, the elderly are frequently expected to be more independent in finding a solution. The information should be adapted as needed to reflect local realities.

Key Areas to Consider

- Health and Long-term Care (LTC) insurance
- Government or social security support
- LTC options: home care, retirement communities with stepped up assistance availability and nursing homes
- Financial planning
- Healthy living and preventive care
- Staying connected with family and community
- Managing LTC and financial matters

What is Long-Term Care (LTC)?

LTC includes services for people with chronic illnesses, disabilities, or cognitive decline that affect daily activities like bathing, dressing, and eating. Care may be provided by nurses, trained aides, family, or others.

Levels of care are often assessed as:

- **Low dependency**: help with shopping, meals, or transport
- **Medium dependency**: help with bathing, medication, or dressing
- **High dependency**: 24-hour care is required

Health Insurance and LTC Coverage

Most UN retirees receive a pension from the UN Joint Staff Pension Fund and may have After-Service Health Insurance (ASHI), if eligible. The ASHI plans typically cover medical care, including short-term nursing, but usually do not cover long-term non-medical care.

Some insurance plans may offer a daily allowance for LTC if certified by a physician, but benefits are limited. It is important to review the health insurance for LTC details, as coverage is not standard.

Supplementary insurance may help, but few international organizations offer LTC insurance. Some UN agencies offer partial support, and UNIDO offers a separate LTC plan with participant-paid premiums. A 2023 Joint Inspection Unit (JIU) report found LTC coverage to be among the least effective areas in UN health plans. The reality is that health insurances were not designed to cover non-medical care required to perform Activities of Daily Living.

In general, private LTC insurance has had mixed success globally. Costs are often underestimated, and rising life expectancy has made many plans unaffordable. Joining after age 70–75 is usually difficult or very expensive.

Government or social security support

Support varies greatly by country. Some offer LTC services or financial help through national health or social security systems, often based on citizenship, residency, or contributions.

In some countries, state-run elderly care facilities exist and some may provide financial assistance to help with recruitment of required home help for LTC. In others, services are limited or under development. It is important to understand the specific benefits available in the country of residence.

LTC Options: Home Care, Retirement Community or Nursing Home?

(a) Home (Domiciliary) Care

- Allows retirees to stay in their familiar environment
- May require home adaptations (e.g., stair lifts, accessible bathrooms) which can be expensive
- Some insurances or national programs may help with adaptation costs
- Costs vary, especially for 24-hour care
- May be more affordable if it is possible to offer live-in accommodation to the caregiver
- Neighbors and friends can be a comfort and a help

(b) Retirement communities with stepped-up assistance

- Available in some countries and allows individuals to live independently with the possibility of stepped-up assistance, including assistance with Activities of Daily Living and memory care (known as Continuing Care Retirement Communities in the US-CCRCs)
- Costs vary widely in different countries. Some require purchase of the unit and a monthly fee, others just a monthly fee
- In most of these communities, many daily activities are offered as well as on site medical support

(c) Nursing Homes

- Nursing homes offer round-the-clock professional care
- Includes both medical and non-medical services
- Residents benefit from structured activities and social engagement
- Costs vary widely; insurance may help with medical care but not room and board
- Some facilities offer therapies like physiotherapy, ergotherapy or occupational therapy etc.

Financial Planning

Planning early for LTC costs helps avoid stress later. Consider:

- Including LTC in your retirement savings plan
- Consulting an investment advisor
- Exploring life endowment policies (insurance with savings)
- Using property as collateral through a reverse mortgage
- Assessing the impact of a lump-sum pension payout on future income
- When estimating the cost of any kind of institutional care, the costs of a couple as a whole need to be considered. If one partner requires institutional care, the cost of the other partner who needs to continue to live in and maintain the permanent residence must be factored into the equation.

Tax rules on UN pensions differ by country, so retirees should research their country's laws. FAFICS member associations may be able to provide local tax information.

Staying Healthy and Delaying LTC

A healthy lifestyle can delay or reduce the need for LTC. This includes:

- Regular exercise

- A balanced diet
- Medical checkups and condition management
- Staying mentally active through reading, games, courses, or other hobbies

Preventing or managing conditions like diabetes, heart disease, and osteoporosis reduces long-term care needs.

Staying Connected with family and community

Family and community connections are key to well-being. Social isolation increases the risk of depression and cognitive decline. Several studies have shown the benefits of remaining socially connected with others. For instance, a study published in "The Lancet Healthy Longevity" in 2021 showed that socially active older adults had lower levels of psychological distress. Whenever possible:

- Talk to family about LTC plans early
- Choose LTC arrangements that allow family involvement
- Consider proximity to loved ones when selecting care options

For those without close family nearby, community involvement becomes even more important.

Managing LTC and Financial Affairs

Some retirees can manage their affairs even while receiving LTC. Others may need help. It is wise to appoint a trusted person—family member, friend, or fiduciary—to oversee finances and care arrangements.

Regular oversight helps prevent mismanagement or abuse, especially if carers have access to funds.

Conclusion

It is difficult to predict future health needs, but planning for LTC now makes difficult decisions easier later. Healthy living can delay the need for care, but insurance alone is unlikely to cover all LTC costs.

Recommended Action

FAFICS associations can support their members by sharing information about local LTC services and options. By adapting this guidance to national contexts, associations can better help retirees plan for a secure and supported future.

Further reading on LTC

There is a wealth of information and written articles on LTC. The following are just a few which could be recommended:

UN-Women (www.unwomen.org), Policy Brief 09 – "Long-term Care for Older People": Provides information and statistics on Long-term Care with focus on Women as caregivers

US NAIC (National Association of insurance Commissioners): "A Shopper's Guide to Long-term Care Insurance": This guide provides detailed information on long-term care insurance, including coverage options, cost considerations and policy comparisons.

US National Institute on Aging: "What is Long-Term Care": Provides an overview of long-term care, discussing who may need it, types of services available and associated costs

Guidance for retirees and their survivors on formalities and procedures to be followed in case of demise

We all hope for the best quality of life possible during our years of retirement including during the time that we may require LTC. Yet, all too often, we postpone ensuring that our affairs are in order and that the survivor is aware of all administrative action required in case of demise. Many associations have issued guidelines to help their members navigate the administrative requirements to ensure continuity of health insurance and pension benefits and other practical information.

It is recommended that FAFICS member associations ensure that such guidelines are readily available for their members.