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When Retirement Savings Meet Healthcare Realities

Ted and Martha had always planned well for retirement—about \$600,000 in their RRIFs, which gave them nearly \$4,000 a month before taxes. Everything seemed secure—until Ted began experiencing cognitive impairment.

For a year or so, Martha managed to care for Ted at home. But eventually she had to make a heart-breaking decision: move him into an extended care facility.

Today, depending on your province and whether you're using publicly subsidized or private care, costs can vary dramatically. For example:

In British Columbia, the maximum monthly rate for long-term care services (publicly subsidized) is \$4,073.40 in 2025, while the minimum is about \$1,466.20. Across Canada, private long-term care can cost anywhere from CAD 6,000 to CAD 15,000 per month, depending on location and level of care.

In Ted's case, the facility charged \$2,500 per month—a mid-range private rate. Martha knew she needed to boost their RRIF income to keep up: roughly \$46,000 extra a year after tax. But even with a strong 7.5% average annual return, the savings evaporated in just eight years.

We also face systemic challenges. As of 2025, Ontario has just over 76,000 available LTC spaces, and they're at full capacity. Meanwhile, nearly 48,000 seniors are waiting for placement—more than the population of many mid-sized Ontario towns.

And it's not just facilities: Based on updated figures from the U.S. Centers for Medicare & Medicaid Services, around 40% of people who reach age 65 will spend time in a retirement home at some point before they die, underscoring the real possibility that long-term care may be part of many seniors' life trajectories. Many people prefer staying at home. But private home care isn't cheap. Depending on the provider, rates for registered nurses run \$33 to \$41 per hour, medical aides \$16 to \$21, and personal support workers \$22 or more.

So, what's a better way to prepare? Long-Term Care Insurance. Available for people aged 30 to 80, it pays benefits—usually \$10 to \$300 per day, depending on policy—when care is needed, starting after an elimination period (like 30, 60, or 90 days). Payouts kick in when a physician declares the insured unable to care for themselves due to cognitive impairment or needing help with two or more daily activities. It offers coverage on top of any government benefits.

Final Thoughts

Ted and Martha's story is far too common. Retirement savings can disappear fast when unexpected care needs arise. With long-term care costs ranging from \$1,466 to well over \$6,000 per month in Canada, both planning and protective insurance can make a world of difference.

Let us know if you'd like help comparing insurance providers, understanding subsidized care thresholds in your province, or exploring home-care options!

Need help with your long-term care strategy? Contact our office!

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