



August 7, 2018

The Honorable Frank Pallone
Ranking Member
House Committee on Energy & Commerce
237 Cannon House Office Building
Washington, DC 20515

DELIVERED VIA ELECTRONIC MAIL

Dear Congressman Pallone,

Thank you for your interest in helping seniors age with dignity and choice. Demand for long term services and supports is already high, but will continue to grow as the first wave of baby boomers reach age 80 in 2026. Unfortunately this generation has not adequately saved, or traditionally been purchasers of long term care insurance. In short, they will be ill prepared to pay for their almost certain need for long term services and supports. In 2015, the GAO reported about half of the households age 55 and older had no retirement savings such as in a 401(k) or individual retirement account (IRA). Furthermore, the ability of an older household to afford long term care services declines as the need increases. Computations by Richard Johnson at the Urban Institute show that total median household wealth for adults 65 and older drops from \$263,200 for those with no need for assistance to \$94,200 for those needing assistance with 2 Activities of Daily Living (ADLs).

We appreciate your recognition that the looming retirement crisis cannot be ignored. The Medicare Long – Term Care Services and Supports Act (H.R. 6563) would address this issue by creating a new Part E under Medicare. We applaud the principles of the legislation that would provide qualified individuals with a daily, self-directed cash benefit that could be used to pay for care and services in the setting of their choice, including senior living.

The average profile of a resident in senior living today is an 85-year-old woman, needing assistance with 2 or more activities of daily living, suffering from 2 – 3 chronic conditions with a high likelihood of suffering from some type of memory impairment such as Alzheimer’s Disease.

There is no single solution to the looming retirement crisis. Argentum is exploring various options and opportunities to incentivize savings, and allow more flexibility in how money saved is spent. Some options we are exploring include:

- Increased flexibility to use a portion of funds in defined contribution plans such as IRAs and 401(k) accounts. For example, delaying distribution date requirements or allowing

conversion of a portion of the accounts to be used to purchase an annuity without tax implications.

- Expand the ability to save for Long Term Care under Section 529 accounts. The ABLE Act allows families and individuals to set aside up to \$14,000 a year in tax advantaged vehicles similar to Section 529 college savings accounts for individuals whose major disability manifested before age 26. One possibility is the Act could be amended to allow for people to save for disabilities or long term care services and supports that occur later in life.
- Explore additional ways that Health Savings Accounts (HSAs) and Flex Spending Accounts (FSAs) can be used for long term care and related expenses.

Argentum looks forward to continuing to work with your office and others in Congress to develop various approaches and incentives to help Americans age with the resources they need to live with independence, dignity and choice.

Sincerely,

A handwritten signature in blue ink that reads "Maribeth B." followed by a long, sweeping horizontal line.

Maribeth Bersani
Chief Operating Officer

About Argentum

Argentum (formerly known as the Assisted Living Federation of America) is the leading national association exclusively dedicated to supporting professionally managed, resident-centered senior living communities and the older adults and families they serve. The association's 400 provider member companies operate senior living communities offering assisted living, independent living, continuing care, and memory care services in all 50 states, the District of Columbia, the United Kingdom and Canada.

Argentum advocates for meaningful laws and regulations to protect the rights of seniors to age in the setting of their choice with freedom, independence, and dignity, as well as educates members on best practices and innovations to address critical issues related to providing quality of care and quality of life for senior living residents. Learn more at argentum.org.