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# THE FAMILY LONG-TERM CARE CONVERSATION

## A VITAL COMPONENT OF RETIREMENT PLANNING

THIS PAPER DISCUSSES THE IMPORTANCE OF BEGINNING THE LONG-TERM CARE CONVERSATION AS A FAMILY: WHY LONG-TERM CARE SHOULD BE PART OF YOUR RETIREMENT PLANNING, WHEN TO PLAN, AND WHAT QUESTIONS TO CONSIDER AS PART OF THE CONVERSATION.

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# LONG-TERM CARE PLANNING GOES HAND-IN-HAND WITH RETIREMENT PLANNING



Americans are entering retirement in greater numbers as baby boomers age. This generation is also expected to live longer on average than their parents. As a result of hard work and planning for their financial future, they will have more years to enjoy the fruits of their labor.

However, longevity also comes with a price. Chronic conditions associated with aging can increase the chances of this generation needing long-term care, and retirement plans can be derailed by unplanned long-term care expenses. Indeed, a recent study conducted by Lincoln Financial\* found that families are concerned about the affordability and impact of long-term care costs:



52% worry that they would run out of money



27% worry they could lose their home



45% worry they would not be able to afford help



Only a third feel confident they will have the financial resources to pay for long-term care

Despite these concerns—and while nine out of ten believe it is important to plan for long-term care expenses as part of their overall retirement planning—only half the people we surveyed (49%) have started doing so.



## ADVISOR INSIGHTS

Financial advisors surveyed in our study estimate that clients experiencing an unplanned care event spend their savings 2–3 times faster than anticipated

**Nearly all advisors (94%) agree that consumers are not sufficiently planning for long-term care**

\*Versta Research, "2017 LTC Marketing and Thought Leadership Research, Findings from Surveys of Advisors and Consumers," [https://newsroom.lfg.com/sites/newsroom.lfg.com/files/doc\\_library/file/2017\\_Long-Term\\_Care\\_Thought\\_Leadership\\_Research\\_Source\\_Deck.pdf](https://newsroom.lfg.com/sites/newsroom.lfg.com/files/doc_library/file/2017_Long-Term_Care_Thought_Leadership_Research_Source_Deck.pdf), February 2018. Information presented here is from those polled in our survey.



# LONG-TERM CARE PLANNING BEGINS WITH A FAMILY CONVERSATION

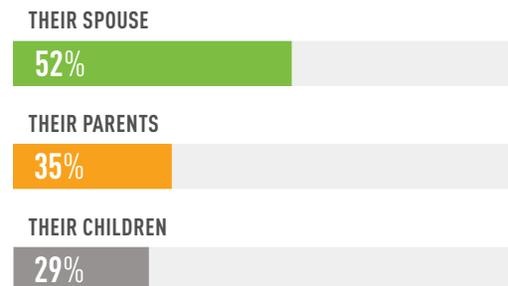


The Americans we surveyed are not yet discussing their needs with family members. In fact, only half have talked about long-term care needs with a spouse, and far fewer of those surveyed have discussed it with parents or children.

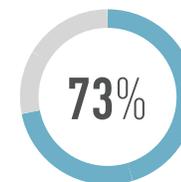
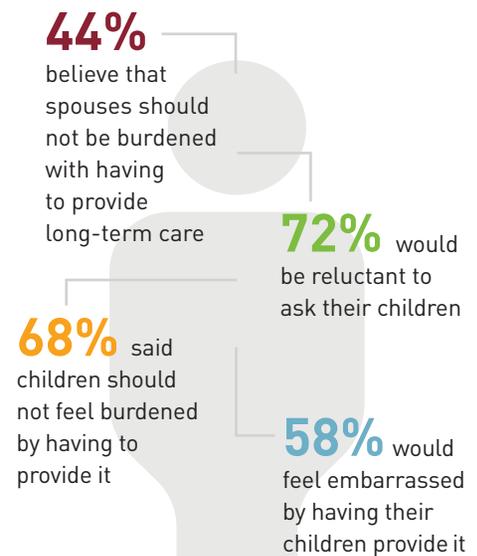
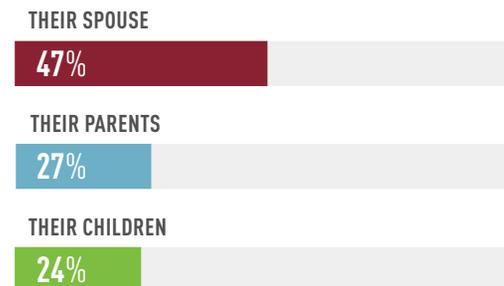
People may anticipate that discussing long-term care needs with family members may be uncomfortable, particularly if they are concerned about placing a potential burden on other family members. Our study found that people worry more about long-term care being a burden on their families than they do about depleting their savings (65% vs. 35%).

It's important for families to get on the same page. Often people assume their spouse will be their caregiver. Parents assume their children will take care of them. Families who plan early benefit from being able to check assumptions, do the research, and plan for how their loved ones want to be cared for.

## PEOPLE SURVEYED HAVE DISCUSSED WHO WILL PROVIDE LONG-TERM CARE WITH:



## PEOPLE SURVEYED HAVE DISCUSSED HOW LONG-TERM CARE WOULD BE PAID FOR WITH:



Three-quarters (73%) of those surveyed say they would want home-based care if long-term care is needed

\*Versta Research, "2017 LTC Marketing and Thought Leadership Research, Findings from Surveys of Advisors and Consumers," [https://newsroom.lfg.com/sites/newsroom.lfg.com/files/doc\\_library/file/2017\\_Long-Term\\_Care\\_Thought\\_Leadership\\_Research\\_Source\\_Deck.pdf](https://newsroom.lfg.com/sites/newsroom.lfg.com/files/doc_library/file/2017_Long-Term_Care_Thought_Leadership_Research_Source_Deck.pdf), February 2018. Information presented here is from those polled in our survey.



# HOW AND WHEN TO START THE FAMILY CONVERSATION



## GET STARTED BY CONSIDERING THESE TOPICS TOGETHER

**CARE.** Let your loved ones know your preferences and concerns, and make sure you know their preferences and concerns in turn.

- As you advance in age, do you want to stay in your home? Downsize? Consider alternate living arrangements?
- Would your spouse be physically able to provide care for you if needed? Would you be physically able to care for your spouse?
- As a parent would you feel comfortable having your children provide care?
- As a son or daughter, would you be able to take time from your own career and family to provide adequate care for a parent?

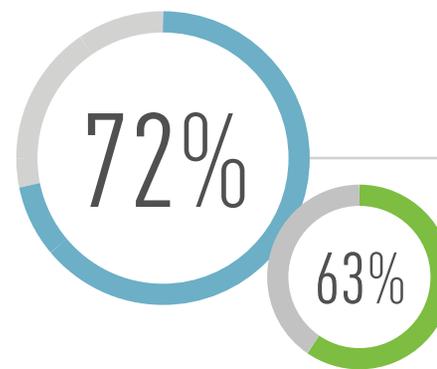
**CAREGIVING.** While caregiving is very noble, long-term care can involve some of the most intimate aspects of daily living. Familiarize yourself with what long-term care can entail.

- Do you have concerns about being able to adequately care for another family member if they needed it? Do other family members have similar concerns?
- Does anyone in the family have caregiving experience or know someone who has? What has that been like?



### ADVISOR INSIGHTS

**76% of advisors surveyed said long-term care is difficult for clients to talk about**



**72% of those surveyed worry that they would not be able to provide adequate care if somebody in their family needed it**

**63% of family members surveyed who have provided care had no idea how demanding it would be**

\*Versta Research, "2017 LTC Marketing and Thought Leadership Research, Findings from Surveys of Advisors and Consumers," [https://newsroom.lfg.com/sites/newsroom.lfg.com/files/doc\\_library/file/2017\\_Long-Term\\_Care\\_Thought\\_Leadership\\_Research\\_Source\\_Deck.pdf](https://newsroom.lfg.com/sites/newsroom.lfg.com/files/doc_library/file/2017_Long-Term_Care_Thought_Leadership_Research_Source_Deck.pdf), February 2018. Information presented here is from those polled in our survey.



# THE FAMILY CONVERSATION CONTINUED



**HEALTH-RELATED DECISIONS.** Designate who has authority to discuss medications and treatment, and inform your physicians. Give your designee the contact information for your doctors.

- Are your children comfortable with making health-related decisions for a parent?
- Are you comfortable with making health-related decisions for your spouse, and vice versa?

**FINANCES.** Let your loved ones know how you will cover the costs of care. Also establish who will have the authority to manage your finances, such as paying the household bills.

- Do you know what professional care costs?
- Do you know what Medicare/Medicaid pays for?
- Have you thought about which assets you could use to pay for professional care, and how that might affect you financially?

**LEGAL MATTERS.** Make sure you and your loved ones have a living will, a current will, a durable power of attorney, and a power of attorney for healthcare.

- Are your documents easily locatable by loved ones if needed?



Almost all the advisors we surveyed (94%) agree that people wait too long before discussing plans and options for long-term care



Three out of four advisors (76%) said it can be valuable to include children or extended family in the long-term care conversation with their clients



73% of the people we surveyed say they will rely on Medicare, health insurance or Medicaid if they need to hire help for long-term care. However, Medicare does not cover most expenses related to long-term care services and support. And Medicaid is only available to those with limited assets and income.<sup>1</sup>

\*Versta Research, "2017 LTC Marketing and Thought Leadership Research, Findings from Surveys of Advisors and Consumers," [https://newsroom.lfg.com/sites/newsroom.lfg.com/files/doc\\_library/file/2017\\_Long-Term\\_Care\\_Thought\\_Leadership\\_Research\\_Source\\_Deck.pdf](https://newsroom.lfg.com/sites/newsroom.lfg.com/files/doc_library/file/2017_Long-Term_Care_Thought_Leadership_Research_Source_Deck.pdf), February 2018. Information presented here is from those polled in our survey.

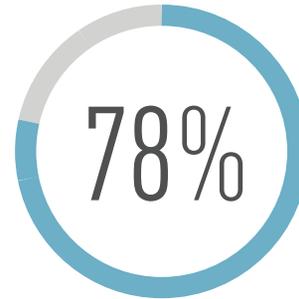
<sup>1</sup> Department of Health & Human Services, "Long-Term Services and Support for Older Americans: Risks and Financing," *ASPE Issue Brief*, <https://aspe.hhs.gov/basic-report/long-term-services-and-supports-older-americans-risks-and-financing-research-brief>, February 2016.





### WHEN TO BEGIN PLANNING

While the right age to varies from person to person, advisors we surveyed say it's a good idea to begin at age 50



More than three-quarters (78%) of those surveyed who haven't yet talked about long-term care with their advisors feel it would be valuable to do so



### THE IMPORTANT ROLE OF FINANCIAL ADVICE

Advisors can play a vital role in long-term care planning. Our study found that nine out of ten (90%) people surveyed believe that financial advisors should be discussing long-term care plans with their clients, but fewer than one in five have actually done so. Our study also found that Americans are not aware of all the ways they can help protect their retirement savings from long-term care expenses or how advisors can help facilitate conversations and create holistic financial plans.

Advisors agree. Most of those surveyed believe that it is important for clients to consider long-term care planning as part of their retirement strategy and that it's smart not to wait.

**Retirement is a well-earned state in one's life. Start planning today. Build your long-term care plan. Reach out to your advisor for additional information.**



Our study found that nine out of ten (90%) people believe that financial advisors should be discussing long-term care plans with their clients

\*Versta Research, "2017 LTC Marketing and Thought Leadership Research, Findings from Surveys of Advisors and Consumers," [https://newsroom.lfg.com/sites/newsroom.lfg.com/files/doc\\_library/file/2017\\_Long-Term\\_Care\\_Thought\\_Leadership\\_Research\\_Source\\_Deck.pdf](https://newsroom.lfg.com/sites/newsroom.lfg.com/files/doc_library/file/2017_Long-Term_Care_Thought_Leadership_Research_Source_Deck.pdf), February 2018. Information presented here is from those polled in our survey.



## RESEARCH METHODS

Consumer survey: Versta Research conducted a survey of 1,012 U.S. adults through a national online research panel used exclusively for polling and research. To ensure full representation of the U.S. adult population, sampling was stratified by age, gender, sexual orientation, race, ethnicity, region, and income. The sample was then weighted to match U.S. Census data on age, gender, race, ethnicity, and region. The survey was fielded from August 28 to September 14, 2017.

Advisor survey: Versta Research conducted a survey of 500 producing financial advisors who have at least some familiarity with long-term care insurance and/or hybrid-combo life insurance with long-term care riders. Advisors were recruited to participate in the study from national online business panels that are used exclusively for research.

The advisors represented the full range of channels including independent broker-dealers, wirehouses, regional and insurance broker-dealers, banks, and others. To qualify for the study, they had to have worked at least five years as a financial advisor and report an average client portfolio of at least \$100,000. The survey was fielded from August 28 to September 22, 2017.

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This policy provides guaranteed benefits you can tap into to reimburse qualified long-term care costs, helping to protect assets you've set aside for retirement. It offers a simple solution that makes sense for today and for tomorrow. **Guarantees are subject to the claims-paying ability of the issuing company.**

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