

The Lincoln National Life Insurance Company



# THE LONG-TERM CARE CONVERSATION

## A VITAL COMPONENT OF RETIREMENT PLANNING

THIS PAPER DISCUSSES THE CRITICAL ROLE CONVERSATIONS PLAY IN LONG-TERM CARE AND RETIREMENT PLANNING — AND OFFERS TOOLS TO HELP YOU BEGIN SECURING THIS IMPORTANT PART OF YOUR FUTURE.

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# THE IMPORTANCE OF THE LONG-TERM CARE CONVERSATION

Most Americans surveyed believe long-term care planning is an important component of one's retirement plan, but few are addressing the need.\*

## PEOPLE SURVEYED HAVE DISCUSSED LONG-TERM CARE WITH:

### THEIR SPOUSE\*



### THEIR CHILDREN\*



### THEIR PARENTS\*



- About who will provide long-term care
- About how long-term care would be paid for

With increasing life expectancy, retirements may span nearly the length of one's working years, so planning is vital. And while Americans may spend upward of 40 years planning for their retirement, they often overlook long-term care planning until families are faced with decisions. **A recent study conducted by Lincoln Financial<sup>1</sup> found that while nine out of ten Americans surveyed believe that it is important to plan for long-term care expenses as part of their overall retirement planning, only half as many (49%) have actually started doing so.\***

While many people have clear opinions about their long-term care desires — including who will provide care, where care will be provided, and how it will be paid for — they are not discussing their needs with family members. **In fact, only half of spouses surveyed have talked about long-term care needs, and far fewer of those surveyed have discussed it with parents or children.\***

\* Versta Research, "2017 LTC Marketing and Thought Leadership Research, Findings from Surveys of Advisors and Consumers," October 2017. For a printed copy, please call 877-ASK-LINCOLN. Information presented here is from among those polled in our survey.



## ADVISOR INSIGHTS

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

### Why are people avoiding the conversation?

Most advisors surveyed say it is because their clients believe long-term care will not be needed (61%) or it is just a low priority (52%).\*

Starting long-term care conversations now is critical to a more secure future.



# MYTHS ASSOCIATED WITH LONG-TERM CARE

It's not uncommon to be confused about long-term care. Many people have misconceptions.



## MYTH: "IT WON'T HAPPEN TO ME."

**REALITY:** People tend to unrealistically downplay their personal risk. About **a third** of those surveyed think they will need long-term care themselves, while they are much more likely to believe that their spouse will (40%) or a parent will (50%). The reality is the actual risk is higher for everyone.<sup>†</sup>



## MYTH: "MEDICARE OR MEDICAID HAVE ME COVERED."

**REALITY:** If qualified, Medicare may only cover a portion of skilled nursing costs up to **100 days**. And Medicaid is only available to those with limited assets and income.<sup>‡</sup>



## MYTH: "THAT'S WHAT MY SAVINGS ARE FOR."

**REALITY:** Many Americans significantly **underestimate the costs** of long-term care — most of those surveyed guess that a private room in a nursing home costs roughly half the realistic estimate. Financial advisors surveyed in our study project that clients who experience an unplanned care event may spend their savings 2–3 times faster than anticipated.\*



**\$325,000**

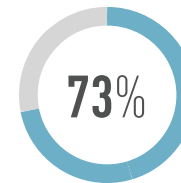
## MYTH: "MY FAMILY WILL BE ABLE TO TAKE CARE OF ME."

**REALITY:** The burden of caregiving disproportionately falls on the women in the family. Daughters who care for ill parents are twice as likely as noncaregivers to experience depression or anxiety. And the overall cost to a female caregiver is estimated to be nearly **\$325,000** due to lost wages and diminished working hours.<sup>‡</sup>

\* Versta Research, "2017 LTC Marketing and Thought Leadership Research, Findings from Surveys of Advisors and Consumers," October 2017. For a printed copy, please call 877-ASK-LINCOLN. Information presented here is from among those polled in our survey.

<sup>†</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.

<sup>‡</sup> Family Caregiver Alliance, "Women and Caregiving: Facts and Figures," FCA, <https://www.caregiver.org/women-and-caregiving-facts-and-figures>, February 2015.



Among those surveyed who anticipate paid long-term care assistance, **73%** say they will rely on Medicare, health insurance, or Medicaid.\*

Estimated average annual cost of a private room in a nursing home:

BY SURVEY RESPONDENTS

**\$54,000\***

BY LINCOLN FINANCIAL

**\$102,000<sup>§</sup>**

<sup>§</sup> LTCG, "2016 Lincoln Financial Group Cost of Care Survey," <http://bit.ly/LincolnCostOfCareStudy2016>, February 2017. For a printed copy, call 877-ASK-LINCOLN.

**72%**

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

**55%**

of those surveyed worry about becoming a caregiver for somebody in their family.\*

**63%**

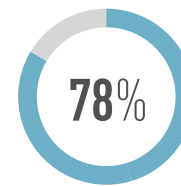
of family members surveyed who have provided care had no idea how demanding it would be.\*



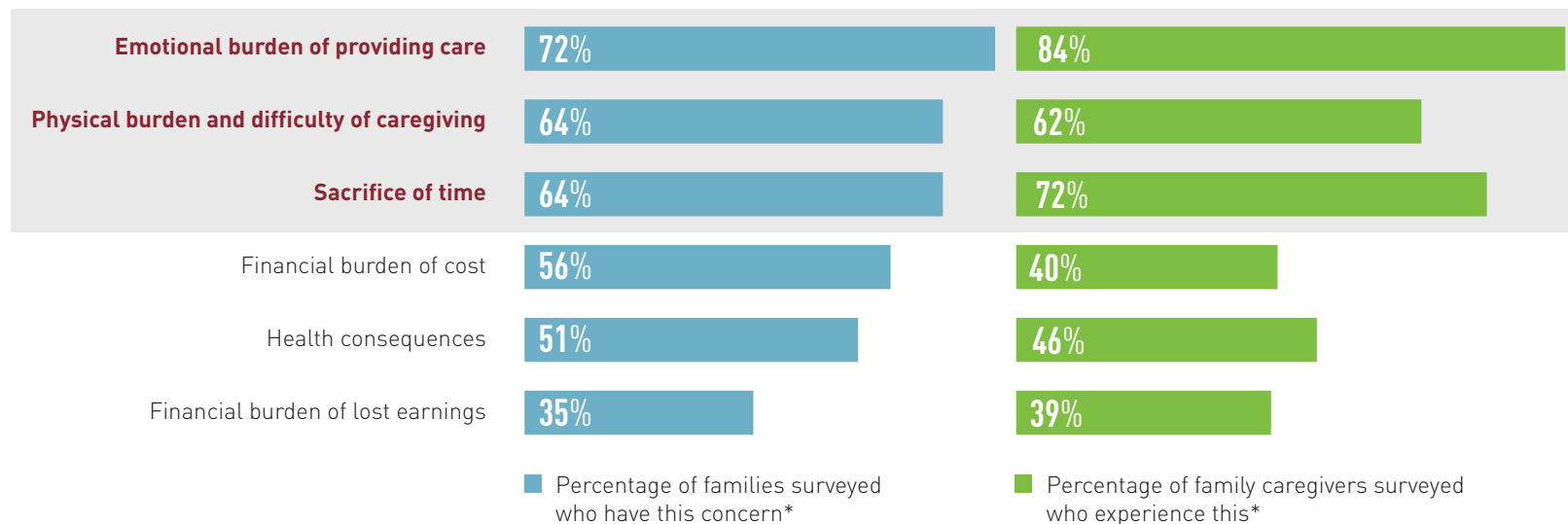
# FAMILIES AND EXPERIENCED CAREGIVERS ARE CONCERNED ABOUT LONG-TERM CARE

## THE RISKS ASSOCIATED WITH LONG-TERM CARE

Our research shows that families are worried about relying on loved ones for long-term care. **Out of all the associated risks, the emotional, physical, and time burdens of providing care are the biggest concerns of those surveyed — more than the related financial and health consequences.** Those personally experienced in performing caregiver duties confirmed that the emotional burdens are even greater than we think. So are the burdens of time.\*



Eight out of ten women surveyed (78%) believe that if somebody in their family needed long-term care, the responsibility of caregiving will fall on them.\*



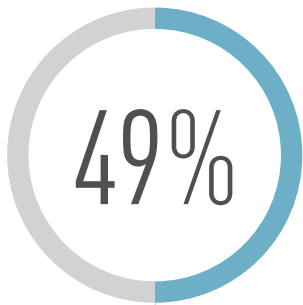
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## FEEL CONFIDENT ABOUT YOUR FUTURE

Having a plan to protect what's important in your retirement can give you the assurance of knowing you're ready for the years ahead.



Of those surveyed who have provided long-term care themselves, half (49%) say they waited too long before discussing plans and options with their loved ones.\*

## START A DISCUSSION WITH FAMILY MEMBERS NOW

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. The reality is that people are not confident in their abilities to provide care to an elderly family member. Almost twice as many Americans surveyed worry more about long-term care being a burden on their families than they do about depleting their savings (65% vs. 35%).\* Realistically, parents do not want to burden their children with having to manage their basic activities of daily living, such as bathing, dressing and eating.

## TO GET STARTED, CONSIDER THESE TOPICS TOGETHER:

- **CARE** Let your loved ones know your preferences. Learn what the costs of different types of services are when and where you plan to retire. Visit the cost of care map at: [www.whatcarecosts.com/lincoln](http://www.whatcarecosts.com/lincoln). Enter sponsor code: Lincoln.
- **CAREGIVING** While caregiving is very noble, long-term care can involve some of the most intimate aspects of daily living, and many feel they're incapable of providing the care a loved one would need. Share your expectations with your loved ones and encourage them to share their thoughts with you.
- **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.
- **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.
- **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.

## A LARGE MAJORITY OF THOSE SURVEYED WANT TO AVOID HAVING THEIR CHILDREN PROVIDE LONG-TERM CARE FOR THEM, AGREEING THAT:

- They would be reluctant to ask their children to do it (72%)\*
- Children should not feel burdened by having to provide it (68%)\*
- They would feel embarrassed having their children provide it (58%)\*

\* Versta Research, "2017 LTC Marketing and Thought Leadership Research, Findings from Surveys of Advisors and Consumers," October 2017. For a printed copy, please call 877-ASK-LINCOLN. Information presented here is from among those polled in our survey.



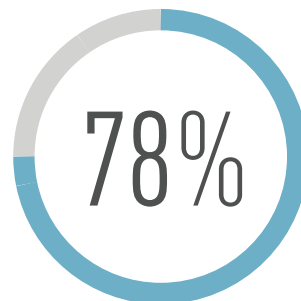


### WHEN TO BEGIN PLANNING

While the right age varies from person to person, it's a good idea to begin by age 50 or as one is getting closer to retirement.



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



Of those surveyed who haven't yet talked about long-term care with their advisors, more than three-quarters (78%) 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 — and that advisors can help facilitate conversations and create holistic financial plans.\*

Advisors agree. Most of those surveyed (95%) 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.\* Most (94%) also agree that people wait too long before discussing plans and options.\*

There are various solutions that can help you prepare for long-term care needs.

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

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## 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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