



The long-term care conversation

A vital component of retirement planning

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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.

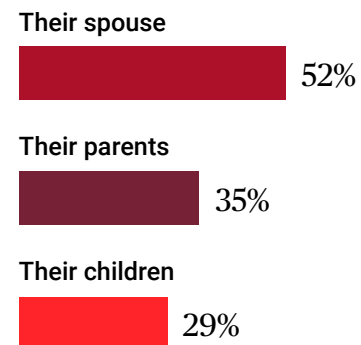
The importance of the long-term care conversation

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

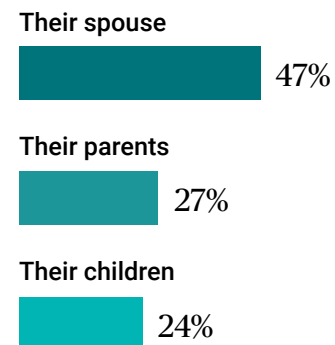
With increasing life expectancy, retirements may span nearly the length of one's working years, so planning is vital. And while Americans may spend upward of 40 years planning for their retirement, they often overlook long-term care planning until families are faced with decisions. A recent study conducted by Lincoln Financial 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.*

People surveyed have discussed who will provide long-term care with:



People surveyed have discussed how long-term care would be paid for with:



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

FINANCIAL PROFESSIONAL INSIGHTS

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


WHY ARE PEOPLE AVOIDING THE CONVERSATION?

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

* VerstaResearch, "2020 LTC Marketing and Thought Leadership Research, Findings from Surveys of Advisors and Consumers," October 2020. <http://visit.lfg.com/MG-VRST-PPT001>.

Know the facts about long-term care


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



“It won’t happen to me.”


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.¹




“That’s what my savings are for.”

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 professionals surveyed in our study project that clients who experience an unplanned care event may spend their savings 2–3 times faster than anticipated.¹



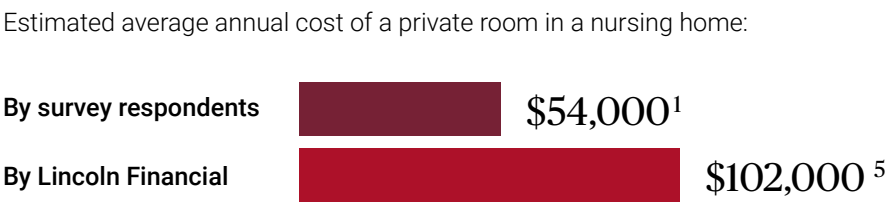
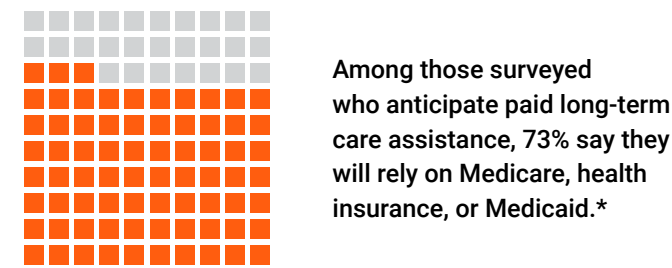
“Medicare or medicaid have me covered.”

If qualified, Medicare may only cover a portion of skilled nursing² costs up to **100 days**. And Medicaid is only available to those with limited assets and income.³



“My family will be able to take care of me.”

Women are most likely to be caregivers in their 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.⁴

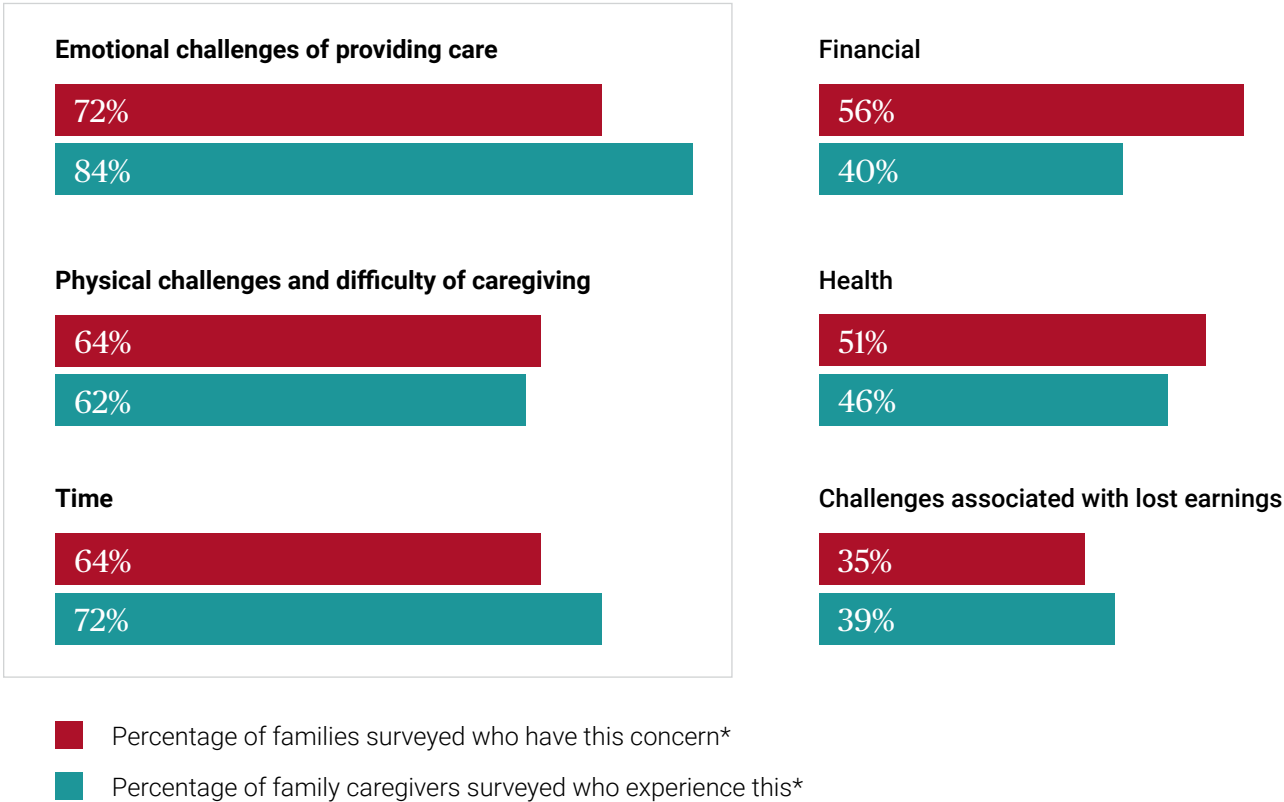


¹VerstaResearch, “2020 LTC Marketing and Thought Leadership Research, Findings from Surveys of Advisors and Consumers,” October 2020. <http://visit.lfg.com/MG-VRST-PPT001>. ²In California this type of facility is licensed and known as a residential care facility. ³Department of Health & Human Services, “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. ⁴Family Caregiver Alliance, “Women and Caregiving: Facts and Figures,” FCA, <https://www.caregiver.org/women-and-caregiving-facts-and-figures>, February 2015. ⁵LTCG, “2016 Lincoln Financial Group Cost of Care Survey,” <http://bit.ly/LincolnCostOfCareStudy2016>, February 2017.

How and when to start the family conversation

Our research shows that families have concerns about relying on loved ones for long-term care.


Out of all the associated challenges, the emotional, physical, and time of providing care are of greatest concern to those surveyed – more than the related financial and health challenges. Those personally experienced in performing caregiver duties confirmed that the emotional challenges are even greater than we think.*



* VerstaResearch, "2020 LTC Marketing and Thought Leadership Research, Findings from Surveys of Advisors and Consumers," October 2020. <http://visit.lfg.com/MG-VRST-PPT001>.

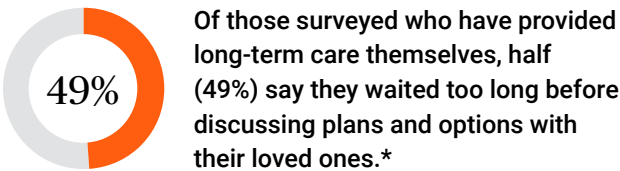
Start a discussion with family members now

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 are concerned more about long-term care being challenging for their families than they do about spending their savings (65% vs. 35%).*



**FEEL CONFIDENT
ABOUT YOUR FUTURE**

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



* VerstaResearch, "2020 LTC Marketing and Thought Leadership Research, Findings from Surveys of Advisors and Consumers," October 2020. <http://visit.lfg.com/MG-VRST-PPT001>.

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. Enter sponsor code: Lincoln.

CAREGIVING

While caregiving is very noble, long-term care may 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.

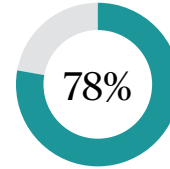


WHEN TO BEGIN PLANNING

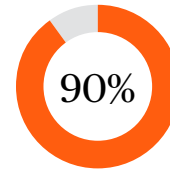
While the right age varies from person to person, it's a good idea to begin at least a decade before most consumers think.



* VerstaResearch, "2020 LTC Marketing and Thought Leadership Research, Findings from Surveys of Advisors and Consumers," October 2020. <http://visit.lfg.com/MG-VRST-PPT001>.



Of those surveyed who haven't yet talked about long-term care with their financial professionals, more than three-quarters (78%) feel it would be valuable to do so.*



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

The important role of financial advice

Financial professionals can play a vital role in long-term care planning. Our study found that nine out of ten (90%) people surveyed believe that financial professionals 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 may help protect their retirement savings from long-term care expenses — and that financial professionals may help facilitate conversations and create holistic financial plans.*

Financial professionals 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.*

There are various solutions that may 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 professional for additional information.

Research methods

Versta Research conducted a survey of 1,003 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, race, ethnicity, region, income and education. The sample was then weighted to match U.S. Census data on age, gender, race, ethnicity, and region. The survey was fielded from July 23 to August 17, 2020.

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