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FOLLOWING THE JOURNEY OF FAMILY CAREGIVERS

A Survey of Home-Based Caregivers

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FALL 2022

INSIDER'S NOTE

Our fall edition of the *Digest* is all about conversations. Talking with one another is how we form relationships, develop trust, and help one another grow and expand our horizons.

First up, we recap the CLTC Leadership Summit that occurred September 12-13 in Minneapolis, MN. We brought together a small group of industry leaders to discuss, consider, and envision the future of the LTC industry.

We also share the results of two consumer surveys: the first commissioned by CLTC, Homethrive, and Home Instead®—*The Impact of Paid In-Home Care on The Journey of Family Caregivers: A Survey of Family Caregivers.* It's focus was on gaining further insight into the decision-making process associated with hiring professional home care—why family caregivers choose (or don't choose) that path and what drives those decisions.

The second study was commissioned by MIT AgeLab and MassMutual and provides insight into how to have effective LTC planning conversations with your next generation of retirees. It offers valuable perspective and concrete steps to ensure these conversations go well.

Finally, we are very pleased to introduce a new feature: "Case Studies." Each quarter, a CLTC expert will share his/her experience helping a client plan for extended care, including client demographics, their needs and goals, as well as their options and final choice. Kerry Peabody kicks off this new segment with a story about Doug and Kate.

It's all good reading designed to help you grow and broaden your long-term care conversations and practice. Enjoy!

Celeste

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Following the Journey of Family Caregivers

A Survey of Home-Based Caregivers

By Eileen J. Tell

For each of us who are now, have been, or will be a family caregiver, the choices we make and the challenges we face will always be somewhat unique. Yet there are lessons to be learned from the similarities and differences in the experiences family caregivers have, the choices they make, and the decisions they might have made under different circumstances.

That is why three organizations—CLTC, Home Instead® and Homethrive—came together to sponsor a survey designed to explore the journey that family caregivers experience when they are supporting a loved one who needs care at home. Specifically, the sponsors were interested in understanding whether and how individuals made the decision to bring paid in-home care into the mix and how their experience differed from those who relied exclusively on family care.

Additionally, the survey compares the experience of individuals who are juggling employment and family caregiving from those who are no longer working full- or part-time. Finally, the survey was designed to shed some light on whether being a caregiver has an impact on one's mindset about planning ahead for their own future long-term care needs.

METHODOLOGY

The survey was designed by ET Consulting, LLC, in collaboration with the sponsors. It was delivered using an on-line survey platform and took an average of 12 minutes to complete, with a 100% completion rate among respondents who qualified and began the survey. In total, 400 family caregivers were surveyed.

Respondents were prescreened to fit the participant criteria:

- Current or previous (recently) family caregiver
- Caring for family member in a home-based setting

- By design, half the sample (200) included individuals who had used or were using paid home care providers and half who were not/ had not
- The sample included a mix on all other demographic characteristics

CAREGIVER CHARACTERISTICS

Most respondents were caring for a parent or grandparent (64%), but the next largest share were providing care to a spouse or partner (14%). This was the current or more recent caregiving experience that respondents used as the basis for their responses on the survey. While in a few cases, the care recipient might be living with the family caregiver, the majority of the time (68%), the care recipient was living in their own home.

More than half of the caregivers who used paid in-home help relied upon a home health aide. The next most popular choice for in-home care was a CNA (35%). Just under one-third (28%) reported hiring what we call an independent provider—this could be someone who does in-home care work as their job but doesn't work for an agency, or a family member or friend who is being paid to provide care.

Over 60% of the families using paid in-home care found that caregiver from an agency, while 25% said they hired the caregiver directly on their own. The top three referral sources for finding paid in-home care were: word of mouth (34%), physician referral (32%) or recommendation from a hospital discharge planner (24%).

CAREGIVER TASKS AND CHALLENGES

We asked family caregivers about the type of care they most often provided, the challenges they typically faced and what tasks were most difficult for them.

80%

OF CAREGIVERS SAY THEY ARE **"ALWAYS"** OR **"OFTEN"** **PROVIDING EMOTIONAL SUPPORT**

The other most frequently provided tasks (67%) are: transportation, housekeeping, meal preparation, and making care decisions.

58%

OF CAREGIVERS SAY **PAYING FOR CARE** IS THE MOST DIFFICULT TASK

Providing ADL support (56%) and making care-related decisions (46%) were cited by nearly half or more of the family caregivers as very or somewhat difficult tasks, compared with the other activities they support. It is interesting to note that, while bringing in paid home care support or care management guidance would certainly address two of these challenges, they may not work for those who also struggle with paying for care.

Just about one-third of family caregivers cite getting emotional support, worrying about their workplace responsibilities, and coordinating care needs with the care recipient's doctor and other providers as the challenges they encounter most frequently.

MOST FREQUENT CHALLENGES

33%	32%	32%
GETTING EMOTIONAL SUPPORT	TIME AWAY FROM WORK	COORDINATING WITH MEDICAL PROVIDERS

USING PAID HOME CARE

Given these challenges and concerns, it is not surprising that many families include a paid homecare provider—a home health aide, CNA or independent provider—to help with some aspect of their caregiving role.

WHY FAMILY CAREGIVERS TURN TO PAID IN-HOME HELP

- **70%** Emotionally burned out
- **69%** Keep my job
- **69%** Maintain my relationship
- **66%** Lack expertise
- **64%** Too much physical strain
- **63%** More time with family
- **62%** Someone to be there when I can't
- **60%** Not doing a good job
- **54%** Health impact

The families that chose to use paid in-home care were motivated largely by feeling burnt out (70%), concerned with keeping their job or being able to perform better at work (69%) and wanting to maintain their relationship with their loved one rather than primarily being their caregiver (69%). When asked to identify the single most important reason they sought out paid in-home care, the top responses were:

- Feeling they lacked the expertise to provide the care needed (18%);
- Feeling burnt out (15%); or
- Keeping their attention on their job (15%)

But using paid in-home care also comes with some challenges, most notably:

- Cost (20%);
- Having workers who don't show up at the last minute (20%); and
- Stress that can come from having a "stranger" in the home (15%)

NOT USING PAID HOME CARE

The most important reason people gave for not using paid home care did not have anything to do with cost; rather over one-fourth of family caregivers who chose to not use paid home care said they did so because they felt it was their responsibility to provide care (27%). Also important to the decision not to rely on paid help was resistance from their loved one about bringing a "stranger" into the home (14%). Cost was also a

27%

OF CARETAKERS SAY **IT IS THEIR DUTY** TO PROVIDE CARE

factor (14%). At the same time, those going without paid care acknowledged there would have been advantages if they'd had paid help at home. They would have had:

- More time to relax and enjoy life (48%)
- Help dealing with the emotional stress of caregiving (44%); and the physical strain (39%); and
- A better ability to maintain their own health and well-being (30%).

Despite seeing the advantages of using paid help, nearly three-fourths of the respondents who did not use paid help said they are either not sure or say they would not do anything differently if there is a next time. This speaks to the power of the feeling of family responsibility—as well as the cost issue and the challenge of finding qualified direct care workers.

DOES CAREGIVING INFLUENCE PLANNING?

Prior research suggests that individuals who had a close family member or friend who has needed long-term care are more likely to buy long-term care insurance. So, we wanted to know if being a hands-on caregiver also raised people's awareness of the importance of planning ahead for a time when they might need care. For most, the answer was yes. But it is important to note that the type of future planning we asked about included some seemingly easier tasks—talking to family about care needs and references—as well as options that are a bigger "ask" such as buying long-term care coverage. It is also important to acknowledge that actions speak louder than words so it remains to be seen whether these planning intents will come to light once the caregiving experience is in the rear-view mirror.

For those that said caregiving did not make them feel differently about wanting to or being able to plan ahead for their own care needs, almost 30% said it was just too difficult to even think about it and 25% believe that there isn't a planning option they can afford. The rest aren't even sure what planning options there might be or how to get started with the process. So, this tells us there are important educational opportunities.

WORKING CAREGIVERS

Caregivers who are also maintaining employment are significantly more likely than non-working caregivers to use paid in-home care (56 vs 41%). They are also more likely to say they would use paid home care if they found themselves in another caregiving situation in the future (34% vs. 15%). In addition to these differences, we looked across all the variables to identify in what ways working caregivers were statistically significantly different than caregivers who were not working outside the home at the time they were providing family care.

Working caregivers are more likely than non-employed caregivers to:

- Be male
- Have young children at home
- Have higher levels of education, income and assets
- Be caring for a parent or grandparent, rather than for a spouse
- Be using paid home care out of concern for their job
- More likely to have hired an independent caregiver on their own

- Say they would use paid home care the next time, and
- Say they were influenced by the caregiving experience to plan for their own future care needs.

There weren't any other differences in terms of the caregiving tasks and challenges they faced or other demographic differences.

56% v. 41%

EMPLOYED v. NON-EMPLOYED CAREGIVERS' LIKELIHOOD OF USING PAID IN-HOME CARE

WHAT TYPE OF HELP WOULD CAREGIVERS HAVE LIKED?

- **42%** Communication with medical providers
- **38%** Help with identifying/vetting care providers
- **34%** Help with determining benefit eligibility
- **34%** Meal delivery services
- **32%** Finding medical devices/equipment
- **31%** Help with assessing home safety
- **19%** No additional help needed
- **1%** Other

CONCLUSION

Our survey identified both the intensity of the bond between the family caregiver and the individual for whom they are caring—a bond that often leads them to take on tasks for which they are not emotionally or physically prepared to handle and at a cost to their own health and well-being. There are financial, logistical and deeply personal reasons why family caregivers do not turn to paid caregivers or care managers to provide some of the help they could use and need.

Family caregivers all expressed the desire for help with identifying and vetting care providers, determining whether their loved ones are eligible for different programs and benefits that might pay for care, coordinating with care providers, and help with supportive logistics such as transportation, meals, home safety and more. Helping families identify services and supports that can offer this type of help and enable them to afford these services is critical.

In fact, a growing number of employers do offer an employee support benefit to family caregivers at the workplace—whether they are caring for an elder or a child with a disability. Homethrive is an example of one of many such programs. The employer pays a per employee per month fee and any of its employees can use the web-based resource to access the type of care coordination and care support services they need.

As a society, we need to do more to meet the needs of family caregivers, especially as the number of individuals needing care continues to grow and the number of family caregivers available to support them declines.

Our press release, a one page "highlights" flier, as well as the full PowerPoint presentation summarizing the findings can be viewed here.

EILEEN J. TELL

Eileen is Principal and CEO of ET Consulting, LLC, and focuses on long-term care and aging. Her areas of expertise include qualitative and quantitative research, policy analysis, product development and training. Clients include state and federal governments, non-profits, private industry and carriers.

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HIGHLIGHTS FROM MINNEAPOLIS

CLTC® Leadership Summit

In September, CLTC brought together 75 leaders from across our industry with the goal to create discussion about the future of our industry and our respective roles in shaping that change. The event was a tremendous success and we were honored to have facilitated this engaging discussion.

Below are some of the Summit's agenda highlights:

- **Genworth's Vision of the LTC Industry**
- **Implications of Public Activity on our Industry**
- **Exploration of Technology Change Agents**
- **Sustainability of Current Planning Solutions**
- **Looking Back and Forward: Learnings from WA Cares**
- **Lessons and Implications from the First Pandemic**
- **Following the Journey of Family Caregivers: A Survey of Home-Based Caregivers**

The resounding agreement was that we need more education across the board. We collectively need to be targeting consumers and their families, as well as distribution channels. Attendees agreed that CLTC, as an independent leader focused on education, can play a large role in shaping our future, including:

- Serving as the media's go-to resource for questions and consultation about issues surrounding LTC planning
- Being an impartial educational source for consumers (as well as advisors) on matters related to extended care planning
- Providing regular information and updates on legislative activity related to LTC
- Creation of unbiased and thorough product training to improve advisors' understanding of all available market options
- Continuing its role as a "thought leader" by collaborating with other independent industry influencers to further education about topics related to caregiving and LTC planning

Several of these initiatives are currently underway.

CLTC will offer similar summits going forward to ensure we collectively keep our attention on important topics and developments.

YOU SAY, TOMATO. I SAY, EXTENSION OF BENEFITS.

What's in a name?

By Ramona Neal, CLU®, ChFC, CLTC®, REBC

ADAPTING

The more life insurance changes, the more it changes. Life insurance has transformed into a kind of Swiss army knife with functions designed to harness the power of living benefits for long-term care. You don't have to die to access a policy's death benefit. Gone are the days when the darling of life insurance was LIRP (life insurance retirement plan). Today, even LIRP sales applications have had to acquiesce and bow down to make room for rider solutions to cover long-term care expenses. In these scenarios, chronic illness riders are typically subordinate having no up-front charges for the priority focus to remain on accumulation and distribution (i.e., the tradeoff of no up-front charges to maintain the integrity of the accumulation emphasis—results in the likelihood of only a fraction of the death benefit being eligible to accelerate for chronic illness needs).

EXTENSION OF BENEFITS. WHAT'S IN A NAME YOU ASK? **EVERYTHING.**

Let's start by identifying which insurers offer LTC extension of benefit solutions on a life insurance chassis: Lincoln (MoneyGuard), OneAmerica (Asset Care), Nationwide (CareMatters), Brighthouse (SmartCare), MassMutual (CareChoice), Securian (SecureCare), Thrivent (CareForward), and New York Life (Asset Flex). Now, if you ask an insurance professional what category they use to describe these products you will hear: hybrid, linked benefit, asset-based, or combination products. Although I concede that these are not wrong, they are lacking. The problem is sometimes they are used interchangeably to describe LTC and Chronic Illness riders on life insurance, and quite frankly, that's an insult to LTC Extension of Benefit products.

The point is extension of benefit products offer more robust LTC benefits. Specifically, they allow one to: (1) accelerate the entire guaranteed death benefit amount; (2) plus accelerate a second pool of guaranteed monies after the death benefit has been exhausted (hence "extension of benefits"); (3) they have premiums which are guaranteed (no in-force rate actions to increase charges for existing policy holders); (4) they have monthly LTC benefit amounts which are guaranteed; and (5) most offer guaranteed return of premiums or cash values—up to 100% of the premiums paid. As a result, they are sometimes sold as repositioning lazy assets (savings account or CD) where your investment guarantees a return of premium should you surrender the policy and if you don't surrender—then it affords a leveraged death benefit or leveraged LTC benefit.

If a picture is worth a thousand words, then let me paint this to illustrate the superiority of LTC extension of benefit products. Although each vessel will get you to the other side, the benefits/experience are entirely different.

If you are selling a:

CANOE. Chronic illness rider; no up-front charges, 101(g). You are selling life insurance. Regulations prohibit you from describing or marketing the chronic illness benefit as long-term care insurance. Only a fraction of the death benefit may be eligible to be accelerated to help cover chronic illness expenses, and often there is no remaining death benefit. Amounts eligible for acceleration can vary significantly[1] and could be $0.

BOAT. Chronic illness rider; includes up-front charges, 101(g). You are selling life insurance. Regulations prohibit you from describing or marketing the chronic illness benefit as long-term care insurance. The entire death benefit is eligible to be accelerated to cover chronic illness expenses or to be paid out as a remainder death benefit to beneficiaries.

MOTORBOAT. LTC rider, 7702B[2]. You are selling life insurance. These riders are qualified long-term care with built in consumer protections. They are permitted to be described and marketed as long-term care insurance. The entire death benefit is eligible to be accelerated to cover long-term care expenses or to be paid out as a remainder death benefit to beneficiaries.

YACHT. Extension of benefits, 7702B. You are selling both LTC insurance and life insurance. The LTC component is qualified long-term care insurance with built in consumer protections. This product can be described and marketed as long-term care insurance. The entire death benefit (base benefit) is eligible to be accelerated to cover long-term care expenses. In addition, a second pool of money (LTC extension of benefits) is also eligible to be accelerated to cover long-term care expenses.

The extension of benefit pool will pay monthly benefits for the duration selected such as an additional period of two, four, or six years (and in the case of one company, payable for life). Inflation options can be elected which is vital to planning. If the base benefit is not used for long-term care, then it will be paid out as a death benefit to beneficiaries.

TRENDS

Within the context of a once in a 100-year pandemic combined with the rising cost of health care, consumer demand for long-term care solutions will only continue to grow. Then when we add that 10+ states are considering state mandated long-term care coverage, it increases the likelihood that new insurance company entrants will capitalize by offering solutions which meet states' criteria. (In the case of Washington, extension of benefit products, LTC riders and traditional long-term care insurance met the eligibility criteria to exempt residents from the payroll tax. But chronic illness riders did not). BTW: if you don't already have your health license to sell qualified long-term care insurance, then what are you waiting for?

Unfortunately for insurers, they were plagued by historically low interest rates which impacts both the pricing and the guarantees they offer. In the fourth quarter of 2021, four insurers implemented up to

double digit rate increases on their Extension of Benefit products. However, with interest rates on the rise this year, we have actually seen some price reductions.

SHIFT TOWARDS LONG-TERM CARE BENEFIT GROWTH OPPORTUNITIES THAT ARE NOT GUARANTEED

Today insurers who offer LTC extension of benefit products have come up with creative solutions to grow long-term care benefit pools subject to non-guaranteed elements. For example:

1. Some companies allow non-guaranteed dividends on WL to increase the death and LTC benefit
2. Some allow the non-guaranteed growth of IUL to increase the LTC benefit
3. Some allow the non-guaranteed growth of VUL to increase the LTC benefit; and
4. Some offer inflation options that track a non-guaranteed index, where the greater of the performance of the index or a roll-up rate will increase the LTCI Benefit

The monthly LTC benefit amounts can be increased or the number of months for which the stated LTC benefit is paid out can be prolonged subject to non-guaranteed assumptions. Maybe one day we will even see wellness initiatives being utilized to increase either the benefit amount or duration.

PREDICTIONS

Based on state filings of LTC Extension of Benefit products, we can predict:

- More insurers will enter this market
- Lower Return of Premiums in return for higher monthly LTC benefit amounts
- Extended pay premium options such as 15-year, 20-year, and premiums payable for life
- Waiver of premiums for extended pays

SUMMARY

For LTC extension of benefit products, when we consider the trend toward declining return of premiums, and the erosion of guaranteed elements, perhaps we should run and not walk to sell today's products.

With regard to chronic illness rider variations and LTC acceleration riders, life insurance will always be life insurance first with a suitable need for life insurance to justify the sale.

Insurance companies have done a fine job adapting their offering with the precision of a Swiss army knife to meet consumer needs. The question is, "Have you? Do you know which solutions are the best fit to meet your clients' needs based on their priorities? Do you know which type of riders you are selling?"

The genetic marker distinguishing LTC extension of benefit products from LTC riders and chronic illness riders is their ability to extend long-term care benefits beyond the death benefit. So, what's in a name? Everything. Because if we don't know what we are selling, then how can our clients know what they are buying?"

RAMONA NEAL
CLU®, ChFC, CLTC®, REBC

Ramona has 29 years of experience in the life insurance industry with roles in field sales, competitive intelligence, advanced sales, and policy administration. She has extensive history helping advisors and wholesalers position insurance products. Ramona is president of Living Benefit Review, LLC. The company provides impartial competitive intelligence services for life insurance with LTC solutions: hybrid products, chronic illness, critical illness, and LTC riders.

1 The onus is on you to know which type of Chronic Illness rider you are selling. What does the illustration say? What does the rider guide or rider FAQ. say? Wait, What? How Much ($) Can you Accelerate with a Chronic Illness Rider? - Living Benefit Review

2 Most LTC riders are filed in this manner, however there are a few companies that file LTC riders under IRS Code §101(g) paired with NAIC LTC Model Regulations. These products may be referred to as long-term care and have the same consumer protection requirements as do LTC Riders filed under IRS Code § 7702B.

MEMBER SPOTLIGHT
CLTC Instructor Profile

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Rhonda Vry-Bills

Rhonda started her career at Marsh McLennan, educating clients about Medicare, Medicaid and long-term care planning. In 2002, she started Long Term Care Strategies, Inc. where she has established strategic alliances with planning professionals allowing her to focus on what she does best, long-term care planning.

1. How did you first get involved in LTC planning?

I started in 1996 working for a TPA called Kirke Van Orsdel (KVI), which was later purchased by Marsh McLennan. I had prior experience with Telesales, and was hired into the marketing and sales department to work with our nationwide association members. We assisted members with Medicare, Tricare/Champus, Life Insurance, Disability products and Long-Term Care insurance. The long-term care product was a natural fit for me, as my mother was a nurse at the state VA facility and the issues she faced at work were the topics of discussion around our family dinner table.

2. What do you find most challenging about LTC planning?

It's hard to wear multiple hats as a long-term care specialist. Some of us are very good at making the sale, but not so great at marketing. And likewise, those that are good marketers aren't always successful salespeople. It is a rare gift to find someone that can manage both roles effectively, as well as the day-to-day administrative tasks.

3. What is the best (or worst) thing to happen to you since you started in the industry?

As I tend to be a bit of an over achiever, I have managed to be diagnosed with mono four times. However, since starting my own business, I have been able to create my own schedule and work on my own terms. That means I can better balance my work and family responsibilities.

One of the best things to happen is that I have kept track of my clients over the years, as well as why they purchased coverage. I have been doing this long enough that I am now having clients go on claim. It's very rewarding to be hearing from families telling me how happy they were that they met me and that I helped them plan for long-term care.

4. If you could change one thing about the public views on LTC planning, what would it be?

That insurance in general is a scam or it is a gamble. I tend to follow it up by acknowledging their concern - that buying it and not needing it could feel like a mistake. I also help them envision what it would be like to need it and not have it – something that would likely feel like a lot bigger mistake.

5. What changes do you see happening in the next five years?

I think we are going to see more and more states respond to the WA Cares Act as they try to find viable ways to protect their Medicaid budgets.

6. If you were doing something else, what would it be?

This is tough. I actually like what I do, I appreciate the routine, the purpose and the rewards of helping one family at a time save their loved ones from an unexpected and very difficult, if not life changing event. As I look toward retirement, I have been asking myself "What would I like to do"? So far, the answer is that I would just like to have the freedom and flexibility to see and do what I want - spend time with family, do some traveling, entertain and continue to be involved in my community and children's lives.

7. How has being a CLTC professional helped you succeed?

CLTC continues to keep me focused on what is important. Saving one family at a time from the physical, emotional and financial consequences that comes from a LTC event. It keeps me up-to-date on the industry, my conversations fresh and relevant, and gives me access to other professionals in the industry.

Connecting with Your Next Generation Retiree Clients About LTC Planning

A COLLABORATIVE RESEARCH STUDY

MIT AGELAB Life Tomorrow

MassMutual Strategic Distributors

The United States is in a period of rapid demographic change, also known as disruptive demographics[1].With average life expectancy just shy of 80 years, the population of older adults in the U.S. continues to grow.[2] The aging of the U.S. has resulted in broader compositional shifts in the overall population.

By 2040, the percentage of the population age 65 or older will be larger than the percent of the population younger than age 18.

For the first time in U.S. history, there will be more older adults than children.[3] As the US population ages, the need for long-term support services will continue to grow.

CHANGES IN FAMILY COMPOSITION

At the same time, however, it is vital to acknowledge that family composition and relationships in the United States are also changing. These shifts, including lower rates of marriage and higher rates of unmarried cohabitation[4], lower birth rates[5], and higher numbers of individuals of all family types identifying as LGBTQ+[6], may change the way individuals navigate the complexities of caregiving and long-term planning. In line with this growing diversity, we can expect that long-term care (LTC) planning within family contexts will take a wider variety of forms than it perhaps has in the past. The composition of one's family and overall support network greatly influence how people think about and prepare for their own long-term care needs.

In light of major demographic shifts and the evolution of the long-term care industry, it is important for financial professionals to understand how the next generation of retirees describe their own long-term care planning ideals. As useful context for helping clients to move from planning to preparing, it is also vital for financial professionals to understand how clients perceive, purchase, or withhold from purchasing insurance policies that provide long-term care benefits, as well as how clients involve their loved ones in these conversations.

A STUDY ABOUT INDIVIDUAL RISK FRAMING AND PERCEPTIONS AROUND LTC INSURANCE AMONG NEXT GENERATION RETIREES

To explore the next generation of retirees' perceptions, language, emotions, and interest in options to help fund their potential LTC needs, the MIT AgeLab and Massachusetts Mutual Life Insurance Company (MassMutual®) have been working together to explore people's perceptions of LTC planning in general, people's own risk tolerance and expectations around their future care needs, and ultimately how financial professionals can most effectively connect with clients around LTC planning.

The first part of an ongoing multi-stage research collaboration involved 12 virtual focus groups held during March 2022 with 84 participants, all of whom lived in the United States, were between the ages of 40 and 64, and had at least $75,000 in liquid assets (not including home equity and dedicated retirement accounts). Just over 32% of participants had a current insurance policy with long-term care benefits; the rest were strongly considering purchasing an insurance policy that would provide long-term care benefits within the next several years. Approximately 57% of participants reported working with a financial services professional who gave them advice. Given our interest in understanding this topic as it relates to life course development and changing relationship dynamics, focus groups were organized at the intersection of age, marital status, parenting status, and sexual identity and orientation.

MORE ABOUT THE STUDY PARTICIPANTS

- Average age was 51
- 32% of participants identified as LGBTQ+
- Approximately 60% identified as white
- Approximately 43% had children
- Approximately 33% of participants were married, 28.6% were single never married, 21.4% were divorced or separated; the rest were dating, in a long-term partnership, or widowed

FIVE KEY TAKE-AWAYS FOR FINANCIAL PROFESSIONALS

Here were the top five take-aways from our focus group research that financial professionals can leverage to better connect with clients about long-term care planning:

1 **Make it Personal**
Preparing for LTC needs has always been a deeply personal and often fraught topic.

COVID-19 has raised many people's personal awareness of their own physical fragility and the nature of care provided in assisted living and nursing home facilities. For some, prior caregiving experience, accidents, injuries, or medical issues may have already made them cognizant of potential care needs and/or concerns about quality and costs of care. Connect with clients about what, specifically, makes long-term care planning feel personal and actionable.

2 Consider the Family Situation

Family, or lack thereof, was mentioned often among focus group participants as a motivation for considering an insurance policy that provides long-term care benefits. For many, the fear of burdening family members (often children and spouses) can catalyze thinking and action related to long-term care planning. In our study, we found this was often the case for people who were married or in long-term partnerships, as well as those who had children. For others (especially those who were unpartnered), the question of "who will take care of me" raises its own anxieties.

> Be the person clients feel permitted and encouraged to speak with about a variety of topics, including long-term care planning.

Prior research we have conducted[7] has shown that the more topics clients felt they could connect with their financial professional about, the more satisfied they generally were.

3 Discuss the Specifics

The majority of participants we spoke with (similar to 90% of the general public) say that if they needed care, they would want to receive that care in their own home if possible. Engage with clients around the specifics of long-term care planning—learn what comes to their minds when they think of long-term care planning, including where, how, and from whom they would potentially want to receive care should they need it in the future. Curate a list of potential costs of care your client could expect based on real costs in your locality.

4 Offer Multiple Scenarios

Most participants in our study expressed an intention to purchase an insurance policy that provides long-term care benefits as one way to prepare for a potential long-term care event. However, many expressed the desire to wait for "the perfect time" or "magic age" to purchase a policy (e.g., not too early, so as to avoid paying premiums longer than necessary, but not too late, so as to avoid the emergence of health issues or accidents).

> Participants' desire to create a sense of security for the future, while also postponing a decision, created a prolonged sense of limbo and period of inaction as they tried to determine the optimal purchasing time.

As part of ongoing planning and advising conversations with clients, talk through potential scenarios around timing of their purchase.

5 Help Navigate the Shopping Process

We heard from many that beyond the standing question of, "Will I actually use a LTC policy," the process of shopping for—and purchasing—an insurance policy that provides long-term care benefits, was often difficult to muddle through. In fact, many described the process to be cumbersome and confusing. Many people were not aware of various policy features available today.

> Even those who were knowledgeable on the topic experienced confusion in deciding which features of a policy they were personally most likely to need in the future.

Still others were concerned about restrictions and waiting periods that could prevent them from truly being able to take advantage of their LTC policy features when they needed them.

Among other features to discuss with clients, financial professionals can share that if policyholders do not need their long-term care benefit, hybrid policies allow them the versatility of leaving a legacy through a death benefit or withdrawing funds if needed. Ultimately and depending on the features of the policy, there are different ways in which an insurance policy that provides long-term care benefits can serve as an investment.

CONCLUSION

Based on what we have learned thus far, the next phase of our collaborative research explores how different framings or narratives around LTC affect interest in and acceptance of insurance policies that provides long-term care benefits. With effective framing or narratives around LTC, financial professionals have the unique opportunity to help clients identify long-term care planning as a timely and important issue that should be prioritized and work with clients and their families to think and talk through different care options, including associated costs. Effective framing can also equip clients with the knowledge and confidence to choose a solution that meets their needs and help protect what they value. With increased awareness of the types of solutions currently available, more people may be better prepared for the potential of unforeseen long-term care events.

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BRINGING THE GIFT OF LTC PLANNING TO YOUR HOLIDAY

By Shawn Britt, CLU®, CLTC®

The holidays are on the horizon, and for some families, it is a rare opportunity for an entire family to be together in one location. And with some forethought, this could be a nice time to bring up extended care planning for parents or other loved ones. Over the years, I have heard both positive and negative stories about bringing up long-term care planning during holiday visits; however, bad reactions are often related to poor timing or faulty strategy rather than aversion to the topic.

Discussing parents' or other loved one's extended care needs should be done in person, if at all possible, not by phone or email. With so many adult children living far from their parents, the holiday season can be a time for them to have those face-to-face conversations. Because they can be a sensitive and emotionally charged discussion, the personal contact can be the key to success. With the right strategy and some thoughtful planning, a holiday can in fact be the perfect time to discuss extended care and elder care planning.

THE PANDEMIC: A NEW DOOR OPENER

As a result of the pandemic, 88% of adults feel it is more important than ever to have a long-term care plan in place, yet only 42% of adults over all have talked with family about future potential long-term care needs.[1] A survey of Baby Boomers—who are old enough to have dealt with parents' LTC challenges and are approaching their own—found that only 37% had discussed LTC planning with family.[1]

However, the effects of the pandemic have brought the subject of LTC and extended care planning to the forefront. If there was ever a good time to broach this subject, it is now, when people are still immersed in the concerns of the pandemic and what it could mean for loved ones needing care in the future.

IS THERE A BETTER HOLIDAY TO CONSIDER?

Whether one holiday is better than another to bring up extended care is going to depend on the family, but here are some guidelines to consider.

1 IS IT A HOLIDAY THAT ALLOWS FOR AN EXTENDED VISIT? Keep in mind that even with a good amount of time to discuss and start planning, a full plan will not likely be completed in one planning session.

2 IS IT A RELIGIOUS GATHERING? For certain families, a non-religious gathering may be a better fit. Some families gather for national holidays such as Memorial Day, Labor Day and of course, Thanksgiving. The advantage to these holidays is they typically occur over long-weekends when there are few expectations or traditions built into the agenda. They are primarily about gathering and visiting.

3 ARE KEY FAMILY MEMBERS GOING TO BE AVAILABLE? Think about how you can assemble key family members. For example, a large family that includes many adult siblings may want to leave spouses out of initial conversations to keep control of the discussion. However, a spouse with an occupation such as an attorney, social worker, insurance professional, etc., could add value to early talks.

THINK ABOUT THANKSGIVING

Each family will have to determine which holiday might be most appropriate for an extended care and elder care talk with their loved ones. My favorite is Thanksgiving because it checks the most boxes for opening and maintaining a dialog with family.

- In general, more families get together for Thanksgiving than any other holiday. Because this holiday takes place over a 4-day weekend, there is more opportunity to find the right time to create a family discussion and a higher likelihood the discussion won't be rushed.
- Other than the "big dinner," there usually aren't many other expectations for this holiday gathering; just eating and spending time together.
- Dinner is on Thursday (usually). While not a topic for the dinner table, family members are often sticking around through Saturday or Sunday, leaving days after Thanksgiving as a time to initiate the discussion.
- Thanksgiving is about thankfulness. This could help make it easier to bring up the subject of LTC and elder care planning. For example, an opener could be: "I am so thankful to have this weekend to spend with such wonderful parents and our great family. And because we are all together in person, it might be a great time to start planning how we can help Mom and Dad create a plan to age according to their wishes—a plan we are all comfortable with, and that we can help our parents implement."

CONSIDERATIONS WITH A FAMILY DISCUSSION

All families are different, and what works for one may not work for another. But there are some "do's and don'ts" to consider when planning a family discussion for parents' future needs.

1 EVEN IF THE FAMILY VISIT IS A SHORT ONE, AVOID BRINGING UP THE DISCUSSION IN THE MIDDLE OF THE MEAL. Grandchildren in general don't need to be part of this, and in many cases, spouses of the adult children should not be involved in the initial discussions.

- If time is really short, think about initiating the conversation as dessert is ending. The spouses can be excused with the grandchildren and leave the immediate family alone at the table to begin talking.

2 YOU MAY NEED TO MAKE SIBLINGS CONSCIOUS OF THE SITUATION FIRST, BEFORE BROACHING THE SUBJECT WITH PARENTS. These openers may help bring awareness to siblings and get them on board.

- "Have you noticed that Mom doesn't look like she did when we were here 6 months ago?"
- "Did you see how hard it was for Mom to get dinner prepared this year?"
- "Dad seems to be moving around much slower than last year."

3 A RECENT CAREGIVING EXPERIENCE BY ONE OF YOUR PARENTS COULD BE A GREAT CONVERSATION STARTER.

- "You both went through a lot taking care of Grandma after her stroke, and part of the challenge you faced was there was no plan. This might be a good time to start discussing how we will handle any care needs you might have in the future and how to pay for it."

4 EVERYONE INVOLVED SHOULD COME WITH THE NOTION THAT THEY ARE THERE TO "LISTEN," ESPECIALLY TO MOM AND DAD. Even if parents' wishes are not practical, let them speak their mind. Then try to work them through the process so they can see the flaws in their ideas and move them to a better plan. This process will take patience, but parents deserve the respect of having their wishes heard, even if in the end their initial ideas won't work. Ultimately, this should be the parents' plan, and one that makes sense.

5 THE ADULT CHILD PLANNING TO INITIATE THE CONVERSATION SHOULD COME PREPARED WITH AN OVERVIEW OF THE DISCUSSION. Questions to consider in the discussion might be:

- Where would their parents want to receive care, and by whom?
- If their choice is care at home, start thinking now about what modifications might be needed to make the home safe and assessable for Mom and Dad.
  - » Do they expect family to help with care or hire professional care?
- Would Mom and Dad consider sizing down to a Continuing Care Retirement Community (CCRC) where escalating care needs can be attended to on site?

6 HOW WILL THE PLAN BE PAID?

- Do Mom and Dad have long-term care insurance? Not all discussions are had when Mom and Dad are frail, so perhaps they are still eligible to purchase it.
- If no insurance exists, then a funding plan should be researched. This may need to involve the parents' financial professional, and other professionals such as legal and tax advisors.

7 REMEMBER THAT THIS IS JUST THE START OF MANY DISCUSSIONS. This issue is not going to be solved after today's conversation. All involved should be prepared to keep the discussion going until a plan is set.

AVOIDING ELEVENTH HOUR PLANNING

Last-minute planning can result in mistakes and lost opportunities for a better outcome. Despite all of the research saying that people are more open to these discussions than in the past, one still has to be prepared for a potential "backlash" when bringing up the conversation.

One study found that 50% of family caregivers had no choice in taking on their role[2] as a family caregiver. Therefore, when a family member is resistant in having the discussion about planning for Mom and Dad, a rebuttal said kindly might be, "I thought it might be good to have this discussion while we are all together. We can start talking now about a plan for Mom and Dad, and discuss which of us are best suited for support roles, rather than have unexpected responsibilities thrust upon us. If something happens to Mom or Dad without a plan in place, we will be forced to scramble long distance to come up with solutions."

Discussing elder care and extended care issues takes time and should be done a step at a time and with compassion. It's important to discuss who will be the decision makers in charge of dealing with the parents' needs as their ability to manage their own lives starts diminishing. Some families may spread out the responsibilities, while others may allocate most of the caregiving, advocacy and or fiscal management duties to one or two family members. But it is important that everyone is clear in advance on who will be doing which tasks. Family dynamics can be delicate, and without a well laid-out plan that everyone is comfortable with, sibling and in-law relationships can easily deteriorate into a state of resentment and in-fighting.

People may get caught up in thinking about the risk of needing extended care, then try to justify why they will not be in that risk pool. Some acknowledge they may need care but place themselves in the group that "won't need care for very long", thus they plan for their family to handle their care. Even when the parents plan to care for each other and consider their adult children to be the backup plan, those adult children are often not told that they are being counted on to provide care; it is just "assumed" they will step up and take care of their parents. Some adult children may be in a position to assist, but lack of planning and communication may result in physical, financial and/or emotional stress for that adult child, particularly when it is unexpected.

GIVE YOUR CHILD THE GIFT OF PERMISSION

Another reason for planning in advance is to avoid feelings of guilt as plans for parents' care are implemented. As an elder person declines in health, whether mentally or physically, it is common for that person to lose their sense of logic —e.g., wanting to "go home", even when that is no longer possible. When plans are laid out in advance and reflect the wishes of the parent, it can help relieve the inevitable questions about whether a child is making good decisions for their parents. They have the comfort of knowing the plan was created when their parents were fully capable of making sound decisions.

However, and as we all know so well, not all plans play out as envisioned. Parents should consider they may not remain of sound mind and should provide their adult children with a potential back-up plan. In addition to planning in advance, the greatest gift parents can give adult children is permission to deviate from the plan if needed. This permission can help the adult child get through difficult times when tough decisions must be made - knowing their parents authorized them to do what was needed to provide the best and most appropriate care.

FINAL THOUGHTS

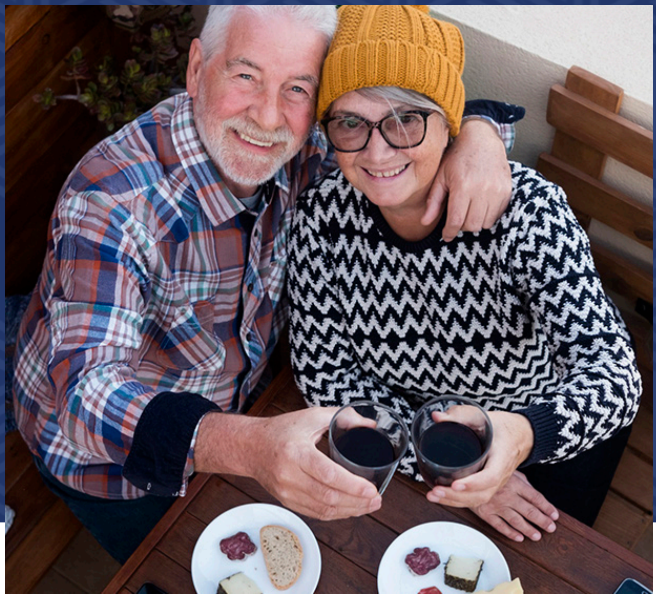
The holidays can be a good opportunity for addressing the need to plan for parents' extended care and elder care needs. With advanced planning and the choice of a holiday that best fits the family dynamic, a successful start to a plan can be had. And your siblings may be relieved that you took the first step to facilitate this important conversation.

SHAWN BRITT, CLU®, CLTC®

Shawn is Director of LTC Initiatives for Advanced Consulting Group at Nationwide Financial. She has been engaged in the life insurance and LTC industry for over 20 years. Shawn has been a major influence in promoting the need for long-term care and development of Nationwide's LTC product solutions.

1 2021 Nationwide Long-term Care Study: The Harris Poll; November 4, 2021

2 "Taking Care of Caregivers;" Drs. Elise Herman and Rashmi Parmar; *Psychiatric Times*, February 7, 2022



LTC CASE STUDY

Doug & Kate

Study provided by
Kerry Peabody, CLU®, CLTC®, RICP

Doug and Kate are 62 and 61 respectively. He's a tech guru for a local company, and she's a self-employed legal consultant/attorney. They have one daughter in her 30s. Doug and Kate are in reasonably good health; he takes one blood pressure med and is on a maintenance dosage of an anti-depressant. Kate had recently finished up physical therapy for tendinitis in her knee.

Doug's income is $85,000, Kate's is $90,000, after business expenses. They have roughly $960,000 in retirement savings, and very little debt. Doug is likely to retire at 65, and Kate, being self-employed, and enjoying her work, intends to continue working until 70. Both are quite financially conservative.

They've experienced LTC, in that Doug's mother spent three years in a nursing home with dementia, after two-and-a-half years of cobbling together home care, provided mostly by the family (and a very familiar scenario). His mother had no LTC insurance, and the final year-and-a-half of her facility stay was Medicaid-funded.

We discussed the various options open to them, including stand-alone LTCi plans from Mutual of Omaha, National Guardian Life, and Thrivent, and we touched on the basics of Life & LTC hybrid plans. Based on their overall financial situation and budget, and local care costs, we decided that a $4,500 per month "safety-net" plan would be adequate to supplement their assets.

The traditional plans I presented were as follows:

	Mutual of Omaha	National Guardian Life	Thrivent
Maximum Benefit	$4,500/mo	$150/day	$4,500/mo
Benefit Period	3 yrs each	3 yrs each	3 yrs each
Initial Benefit Pool	$162,000 ea	$164,250 ea	$162,000 ea
Elimination Period	90 days	90 days	90 days
Inflation	3%	3%	3%
Shared Care	Included	Included	Included
Annual Cost	$6,925	$5,955 or $15,743 10-pay	$6,654 or $15,500 10-pay

With less than $1M in retirement savings, I felt that LTC Partnership protection could be valuable, however, they were not comfortable with the sizable on-going premium and the potential (however minimal) for rate increases. At more than $15K per year, and understanding there would be no guarantee that money would come back in the form of benefits, they felt the 10-pay was too big of a commitment. We could have adjusted the benefits to take the price down, but with Doug's experience, and the costs of care here in Maine, I was hesitant to do that. So, I offered an alternative.

We then considered the following: they're only one year apart in age. Women statistically tend to outlive men and require care later in life, suggesting Doug will need care or pass away first, leaving Kate on her own when she needs help.

With this in mind, I suggested the following: use a traditional LTCi plan for Doug. The cost for males on stand-alone LTC is much lower than for women, and this would provide him with LTC Partnership protection, which could potentially benefit her in the long run. If Doug needs care first, and is unfortunate enough to eventually need to apply for Medicaid assistance (due to exhaustion of his benefits), it would provide them with a significant amount of additional asset protection. Having decided this, we decided to pursue the cash hybrid plan for Kate. Here's what we eventually did.

Doug
MUTUAL OF OMAHA CUSTOM SOLUTIONS

- $4,500 per month
- 4-year benefit period (v. three years on the original proposal, since there's no shared pool available with this approach)
- Initial benefit pool: $216,000
- 90-day elimination period
- 3% compound inflation

→ **Annual Cost: $2,847**

Kate
NATIONWIDE CAREMATTERS II, WITH A 10-PAY PREMIUM

- $136,169 death benefit
- $3,000 monthly cash benefit for LTC
- 4-year benefit period
- Initial benefit pool: $144,000
- 5% compound inflation

→ **Annual Cost: $13,067**

Since Kate intends to continue working another nine years, they felt this premium was manageable. They liked the fact that, if she never uses her LTC benefits, the money will come back to her daughter in the form of a death benefit. They also liked the flexibility the cash benefit would offer her if she went on claim.

SUMMARY

We lowered their on-going premium commitment (helping with their retirement expenses) and provided them with asset protection under the LTC Partnership program, in case Doug finds himself in a lengthy claim situation similar to his mother. We also provided Kate with a plan that will reduce administration at claim time, gives her more flexibility with the benefit dollars, and guarantees the money will come back to the family in one form or another. The clients were very pleased with the outcome. I've used this "blended" approach with several couples now, and it seems to be well-received.

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Kerry is a Long-Term Care Insurance Specialist with Clark Insurance in Portland, ME. He's been working directly with consumers for over 20 years, helping families and small business owners protect themselves against the staggering emotional, physical, and financial impact of an extended LTC event.

Would you like to have one of your case studies featured in the CLTC Digest?
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