Most people envision themselves living a long life, investing and planning throughout their working years to create a financially secure future so they can spend time doing the things they enjoy the most.

But what if that plan gets derailed? While every statistic points to the high probability of needing extended health care at some point in life, most people are in denial and think it will never happen to them. It is important to help clients accept that they will likely need care and understand how getting the right care will impact their family and their finances. It is not always a pleasant conversation, but there are important questions to consider: What if their health changes? What if the unthinkable happens? What if they need long-term health care? What is long-term care?1

Long-Term Care Services Defined

Long-term care (LTC) encompasses a wide range of supportive and health services for people who have lost the capacity for self-care due to illness or injury. The need for LTC services is generally defined by one’s need for assistance when incapacitation renders one unable, physically or cognitively, to perform one or more of the activities of daily living for an extended period of time (typically 90 days or longer). The risk of chronic illness increases with age whereas the risk of injury is predominating throughout one’s entire life. The insurance

1. This chapter draws in part from Harley Gordon, Certification in Long-Term Care Course Handbook, Sections A, B, C (Releases 5.0, 8.0, 9.0, Corporation for Long-Term Care Certification, 2003, 2009, 2011), and from Harley Gordon, In Sickness & In Health: Your Sickness—Your Family’s Health, Chapter 1 (Financial Strategies Press 2007).
industry defines chronically ill people as those who are unable to perform, without substantial assistance of another individual, at least two of the activities of daily living (ADLs). The generally accepted ADLs, as defined by the industry, are as follows:

- Eating
- Bathing
- Dressing
- Toileting
- Continence
- Transferring (mobility)

Note: California requires non-tax qualified insurance policies to include ambulation\(^2\) or substantial supervision to protect them from threat to health and safety due to severe cognitive impairment.

According to the Center for Technology and Aging, approximately 23 percent of adults age 45 to 64 have some form of disability; for those 65 to 69 years old, the likelihood of being affected by a disability nearly doubles to 45 percent. Approximately 74 percent of adults age 80 and over have a disability. Nearly 14 million adults age 65 and older (42 percent) report having one or more disabilities. A physical disability is most common (29 percent), followed by difficulty leaving the home (20 percent), disability of the senses (14 percent), and mental disabilities (11 percent). The Center for Technology and Aging defines disability as the inability to perform daily tasks, whether physical, sensory, or cognitive, and experiencing a loss of self-management and independence.

**TABLE 1-1**

**Prevalence and Types of Disabilities Experienced by Adults Aged 65 and Older**

<table>
<thead>
<tr>
<th></th>
<th>Number (millions)</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Older Adults</td>
<td>33.3</td>
<td>100%</td>
</tr>
<tr>
<td>With any disability</td>
<td>14.0</td>
<td>42%</td>
</tr>
<tr>
<td>Disability of the senses</td>
<td>4.7</td>
<td>14%</td>
</tr>
<tr>
<td>Physical</td>
<td>9.5</td>
<td>29%</td>
</tr>
<tr>
<td>Mental</td>
<td>3.6</td>
<td>11%</td>
</tr>
<tr>
<td>Self-care</td>
<td>3.2</td>
<td>10%</td>
</tr>
<tr>
<td>Leaving the home</td>
<td>8.8</td>
<td>20%</td>
</tr>
</tbody>
</table>


According to a recent study, approximately one in four community-resident Medicare beneficiaries over age 65 had difficulty performing one or more ADLs. An additional 15 percent reported difficulties with ADLs. Older adults’ ability to maintain their independence is connected to their ability to perform ADLs without requiring a great deal of assistance.³

Traditionally, long-term care deals with chronic as opposed to acute conditions, while typical health care services are designed to treat and improve one’s overall health. Acute impairments do not always lead to extended care, but they can. Long-term care is care-oriented rather than cure-oriented and tends to be multi-dimensional, not just focused on a specific problem. The term “long-term care” generally refers to the assistance a chronically ill or frail person needs to get through the day. Long-term care can include help with very basic housekeeping chores, such as cooking meals, paying bills, and using the telephone. The assistance it provides can range from help with these day-to-day activities in the home to more advanced assistance with activities such as bathing and dressing, and, ultimately, more complex services such as skilled nursing care.

Long-term care can be provided in a variety of settings including one’s own home, community care centers, adult day care centers, continuum of care communities, assisted living facilities, or nursing homes. Additionally, long-term care can include a wide variety of services such as rehabilitative care (as a result of an accident or fall), therapeutic care (post stroke or surgery), nursing care (wound care, bandage changing, and monitoring medicines), and personal and custodial care (bathing, meal preparation, transportation, and administering medications).

This spectrum of services can be segmented into three levels of care:

1. Skilled Care
   - Continuous care provided by licensed medical professionals
   - Care provided under the direction of a physician
   - Restorative care, as defined by Medicare, where the patient must be getting better

2. Intermediate Care
   - Skilled care provided occasionally or intermittently

3. Custodial Care
   - Supervisory or hands-on services
   - Chronic: non-medical personnel (nurses’ aides) help with ADL (bathing, dressing, toileting, continence, eating, mobility)
   - Cognitive impairment supervision provided

The long-term care insurance industry frequently cites a statistic from the New England Journal of Medicine’s 1991 report on nursing home care: 43 percent

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of those over the age of 65 will end up in a nursing home. To clarify this point, the study predicted that of the 2.2 million people turning 65 in 1990, 946,000 (43 percent) will spend at least some time in a nursing home at some point before they die—including stays as short as one day and stays following hospitalization.

To provide some perspective, the following are data points reflecting actual experience:

- There are 42 million Americans age 65 or older.
- Of the 42 million, 12.6 million (37 percent) reported being limited by moderate to severe chronic conditions.
- Only 1.6 million (4.1 percent) of the 12.6 million are permanently confined to nursing homes:
  - 0.9 percent are between the ages of 65 and 74;
  - 3.5 percent are between the ages of 75 and 84; and
  - 14.3 percent are 85 or older.4
- The percentage of people over age 65 who live in nursing homes has been declining since the mid-1980s, with sharper declines among older demographics.5

These numbers contradict somewhat the predictions published in the New England Journal of Medicine in 1991 but reflect a trend that an increasing number of individuals over the age of 65 are being cared for at home. In fact, family members and friends are the sole caregivers for 70 percent of elderly people.6

However, despite a large growth in home care services, nursing homes continue to dominate the service system. Federal and state government programs account for this datum yet continue to struggle to manage costs of services they provide and wrangle over their financial responsibilities.

Table 1-2 shows how services and costs generally compare with each other.

### Probabilities of Long-Term Care Events

While statistics have proven to be a less than effective means of conveying to individuals and families the likelihood of an event and the subsequent need to protect against long-term care costs, it remains important to understand the probabilities of needing long-term care and the impact of the extended care period.

Seventy percent of Americans over age 65 will need long-term care at home, through adult day care, or in an assisted living facility, a nursing home, or other

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What Is Long-Term Care?

TABLE 1-2

<table>
<thead>
<tr>
<th>Facility Type</th>
<th>Help with activities of daily living</th>
<th>Help with additional services</th>
<th>Help with care needs</th>
<th>Range of costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community-Based Services</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Low to medium</td>
</tr>
<tr>
<td>Home Health Care</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Low to high</td>
</tr>
<tr>
<td>In-Law Apartments</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Low to high</td>
</tr>
<tr>
<td>Housing for Aging and Disabled Individuals</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Low to high</td>
</tr>
<tr>
<td>Board and Care Homes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Low to high</td>
</tr>
<tr>
<td>Assisted Living</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Medium to high</td>
</tr>
<tr>
<td>Continuing Care Retirement Communities</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>High</td>
</tr>
<tr>
<td>Nursing Homes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>High</td>
</tr>
</tbody>
</table>


facility. According to the New England Journal of Medicine, for a man over age 65, the odds are one in three (33 percent) that he will need long-term care in his life. For a woman over age 65, the odds are one in two (50 percent) that she will need long-term care in her life. In aggregate, 42 percent of all individuals over age 65 will enter a nursing home in their lifetime. And while most people think of long-term care as impacting only those in their senior years, 40 percent of people currently receiving long-term care services are ages 18 to 64.7

It is common to hear clients refute statistics by stating that they are in excellent health and their parents never needed long-term care. However, this is not a medical or health decision, but rather a family financial planning decision that should be discussed with a professional advisor (e.g., an attorney, accountant, or estate planning or financial advisor), not their personal physician. The facts suggest that a healthy individual will face higher lifetime health care costs than someone who deceases earlier in life due to fair or poor health conditions.

According to a report from the Center for Retirement Research at Boston College, over a lifetime, healthy individuals may pay as much as $105,000 more than those in poor health. At age 65, a typical married couple free of chronic disease can expect to spend $197,000 on remaining lifetime health care costs, excluding nursing home care, while facing a 5 percent probability that these costs will

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exceed $311,000. Including nursing home care, the mean cost is $260,000, with a 5 percent probability of costs exceeding $570,000. Less than 15 percent of households approaching retirement have accumulated that much in total financial assets.8

Those in good health can expect to live significantly longer. According to the Center for Retirement Research at Boston College, at age 80, people in healthy households have a remaining life expectancy that is 29 percent longer than people in unhealthy households, hence the risk of incurring health care costs over more years. Additionally, many of those currently free of any chronic disease at age 80, based on a statistical simulation, can expect to spend one-third of their remaining life suffering from one or more diseases. People in healthy households face a higher lifetime risk of requiring nursing home care than those who are unhealthy; their greater risk is surviving to advanced old age when the need for such care is highest.9 This evidence, and the possibility that their health will help them qualify for long-term care coverage at more favorable rates, should motivate clients who are in excellent health currently to consider long-term care insurance.

To give an example of one prevalent chronic disease affecting our nation, a recently released report from the Alzheimer’s Association10 predicts that ten million U.S. baby boomers, one of eight, will develop Alzheimer’s disease. The disease is already the seventh deadliest in the nation and poses a greater risk for women. Three quarters of the individuals diagnosed will spend their remaining life in a nursing home or an assisted living facility. In 2000, there were an estimated 411,000 new cases of Alzheimer’s disease. For 2010, that number was estimated to be 454,000 (a 10-percent increase); by 2030, it is projected to be 615,000 (a 50-percent increase from 2000); and by 2050, it is projected to be 959,000 (a 130-percent increase from 2000). With these expectations, caregivers and the long-term care system will quickly be overwhelmed by this one disease.

It is important to realize that most nursing home and care facility statistics do not take into account the progression of long-term care needs and the high prevalence of spouses and family members providing the care until such caregivers are no longer able. Long-term care expenses can deplete a family’s income, and unfortunately conversations about care preferences, expectations, and how to fund costs and protect one’s income rarely occur before the need arises.

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FIGURE 1-1
Caregiving Stress Dominates a Caregiver’s Life

Most Stressful Issue in Caregiver’s Life

Caring for loved one with dementia 49%
Downturn in economy 20%
Family relationship issues 16%
Job 12%

Related: 62% of Alzheimer’s caregivers state they feel isolated and lonely.

Increased National Awareness

Paradoxically, the recession’s unforeseen benefit is that retirement portfolios have decreased in value, money for legacy has dwindled, and hard times are finally pushing long-term care planning, in particular long-term care insurance, into the forefront of people’s minds and into a central role of retirement plans.

The recession not only caused significant damage to many Americans’ retirement assets, it also made them more aware of the challenges facing the Social Security system, which is expected to be insolvent by 2037, the uncertain future of Medicare, and the various economic stimulus plans depleting federal funds. People are increasingly concerned about the government’s ability to take care of them as they age. With national debts and deficits increasing and government support of critical programs decreasing, people are realizing that they need to plan to protect themselves—the government is most likely not going to be able to provide the resources and support on which they may have counted. As a result, alternatives such as long-term care insurance are becoming increasingly attractive to those who want choice and quality care.

As publicity and legislation have been raising awareness of the subject, advisors are seeing many changes in the marketplace. With the “graying of America,” the number of people who need long-term care is growing exponentially and is predicted to double over the next two decades with the aging of the baby boomer generation. New trends in the sale of products, claims data, plan designs, and product provisions continue to emerge, but the most important is the evolving attitude of potential long-term care insurance buyers who are starting to see the need for coverage and the advantages of planning ahead, yet there is still fundamental apprehension to plan:

![FIGURE 1-2 Family Fear Factor](image)

When asked to identify the biggest barrier to discussing long-term care, the majority of Americans cite upsetting their family more than upsetting themselves as a concern.


In addition to significantly more favorable media coverage of long-term care insurance, as seen in the sheer volume of articles, resources, and consumer advocates, significant laws and programs enacted by federal and state governments have also greatly increased exposure to and awareness of the probabilities and consequences of long-term care. Some of the more significant legislation and programs are listed below with short descriptions. A more detailed discussion on legislative activity will follow in later chapters.

- Long-Term Care Security Act of 2000—This Act of Congress created the Federal Long Term Care Insurance Program (FLTCIP), which is a long-term care insurance program offered to federal employees, U.S. Postal Service employees and annuitants, and active and retired members of the Uniformed Services and their qualified relatives. After the Act’s passage, the U.S. Office of Personnel Management (OPM) held a competitive
bidding process, selecting a consortium of insurance carriers and administrators to offer the insurance under the FLTCIP for the first seven-year contract term. In May 2009, OPM selected John Hancock as the sole insurer for the FLTCIP’s second seven-year contract term along with John Hancock’s wholly owned subsidiary Long Term Care Partners, LLC as sole administrator of the program. The FLTCIP is the largest group long-term care insurance program in the country, as well as the largest employer-sponsored long-term care insurance program in the country, with more than 224,000 enrollees.12

♦ Federal Long-Term Care Awareness Campaign—The “Own Your Future” Long Term Care Insurance campaign is a joint awareness program between the federal government and individual states that was developed in January 2005. It was specifically designed to raise awareness about the need for planning for long-term care. As of the most recent report, 25 states have participated in the Own Your Future Campaign. State efforts include letters to constituents between the ages of 45 and 70, promotion of the campaign through an initial press conference, and development and dissemination of state-based information and resources, such as long-term care websites.13

♦ National Long-Term Care Partnership Plan—The Partnership program was designed to attract consumers who might not otherwise purchase long-term care insurance. States offer the guarantee that if benefits under a Partnership policy do not sufficiently cover the cost of care, the consumer may qualify for Medicaid under special eligibility rules while retaining a pre-specified amount of assets (though income and functional eligibility rules still apply). Consumers are thus protected from having to become impoverished to qualify for Medicaid, and states avoid the entire burden of long-term care costs. Under the Deficit Reduction Act (DRA) of 2005 all states are able to implement Long-Term Care Partnership programs through an approved State Plan Amendment, if specific requirements are met. The DRA requires programs to include certain consumer protections, most notably provisions of the National Association of Insurance Commissioners Model LTC regulations.

♦ Community Living Assistance Services and Supports Act (CLASS Act)—Under the Patient Protection and Affordable Care Act (PPACA), President Barack Obama signed into law in 2010 comprehensive health care reform legislation that contains a program known as the Community Living Assistance Services and Supports Act (CLASS Act). The CLASS Act would have created a new voluntary government program under which individuals would pay a monthly premium and be eligible for very modest benefits for their long-term care needs after five years of paying into the program.

While the CLASS Act was often characterized as a long-term care program, it was primarily designed as a program to provide future assistance to the working disabled. It was not an insurance program. Traditional long-term care insurance requires that applicants meet certain insurability requirements. The CLASS Act did not have such health qualification requirements. The plan was to be offered on a guaranteed-issue basis. However, the program was plagued by financial flaws that led to its demise before it was ever implemented. In light of current federal budget challenges and the CLASS Act’s failure, it is unlikely any government-sponsored long-term care program will reemerge anytime soon.

Despite years of publicly and privately funded efforts to raise consumer awareness about the importance of long-term care planning, Americans seem to understand almost all other forms of insurance better than they do long-term care insurance. Greater education is still needed about the actual need for, and costs associated with, long-term care and the realistic funding options.

Long-term care insurance continues to be one the most complicated products to understand and to market as an advisor. However, with depressed portfolios, Americans are more ready than ever to protect themselves and their families against the future consequences of needing care. Before the economic downturn, some people may have believed they could self-insure for long-term care expenses; now, with assets depleted, they realize this may not be feasible. Additionally, advisors are realizing that their clients’ financial plans may be derailed if they fail to take the consequences of long-term care into consideration.

**Impact on Families and Employed Caregivers**

Possibly no other expense has a more emotionally and financially overwhelming impact on a family’s income and independence than long-term care. Failure to discuss extended health care with young to middle-age clients will often have severe consequences on their families. The first consequence is the emotional and physical well-being of the caregivers, who, because of the nature of long-term care, tend to be family members. The need for care is created by a chronic medical condition that compromises the individual’s ability to get through the most basic of daily routines or a cognitive impairment that compromises his or her ability to safely interact with his or her environment. By its basic definition, this extended-care event is all-consuming and frequently leads to a decline in the caregiver’s own health. Extended care is not a health condition—it is a life-changing event.

Extended care rarely requires skilled medical care, which is defined as services that are so inherently complex that they can only be provided under a plan of care created by a physician and executed by a skilled nursing staff and/or
other trained professionals. Extended care typically requires custodial or non-skilled services, defined as supervisory or hands-on services provided to persons who suffer from chronic illnesses caused by a physical or cognitive impairment. Such care can be provided either formally, by professionals, or informally, by family or friends with no particular training in health care. Custodial care also consists of homemaking services, such as cooking and cleaning the house, and personal care assistance to help the patients get through their daily routine.

FIGURE 1-3
Percent of Elderly Home Care Recipients Needing Help with Selected Activities of Daily Living


Mitigating the impact of a long-term care event and the associated emotional and economic impact on a family can be accomplished through the creation of a plan. The plan’s goal is to allow your client to remain in the community while preserving the emotional, physical, and financial well-being of his or her loved ones. In addition, the plan should attempt to get the family back to where they were emotionally, physically, and financially prior to the unexpected need for care. Unfortunately, many do not have a plan in place and find themselves struggling through these situations with little or no guidance or support. Research shows that family members who provide care to individuals with chronic or disabling conditions are themselves at risk.14 Emotional, mental, and physical health

problems can be caused by complex caregiving situations and the strains of caring for frail or disabled relatives. These burdens and health risks can hinder the caregiver’s ability to provide care, lead to higher health care costs, and adversely affect the quality of life of both the caregiver and care receivers.

♦ Studies have shown that an influential factor in a family caregiver’s decision to place an impaired relative in a long-term care facility is the family caregiver’s own physical health.\(^{15}\)

♦ Eleven percent of caregivers report that caregiving has caused their physical health to get worse.\(^{16}\)

♦ Family caregivers experiencing extreme stress have been shown to age prematurely. This level of stress can take as much as ten years off a family caregiver’s life.\(^{17}\)

♦ An elderly informal caregiver has a significant risk of death as a result of his or her sick spouse’s hospitalization. The risk to spouses was highest when the hospitalization was for a chronic, disabling illness like dementia. “What this shows is that people are interconnected, and their health is interconnected, and seeing a person that you love suffer, seeing them ill, harms you,” said study coauthor Dr. Nicholas Christakis of the Harvard Medical School.\(^{18}\)

FIGURE 1-4
By the Numbers

<table>
<thead>
<tr>
<th>75%</th>
<th>60%</th>
<th>75%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women represent 75% of residents in assisted living communities and 80% of nursing home residents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>More than 60% of female caregivers make career sacrifices to accommodate care-giving responsibilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>75% of unpaid caretakers in the U.S. are women</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Shawn Britt, Why women should be concerned with long-term care issues, Life Insurance Selling; November 2, 2010.

In addition to these numbers, women live longer than men, and as a result are more likely to reach an age where they will be without their spouse and/or require

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16. Center on Aging Society, How Do Family Caregivers Fare? A Closer Look at Their Experiences, Profile No. 3 (Georgetown University 2005).
long-term care. Over two-thirds (67.5 percent) of long-term care insurance claim dollars are paid to women.\textsuperscript{19}

Although the statistics vary depending on the research studied, the trend of more men getting involved in caregiving is increasing. It is estimated that anywhere from 34 to 51 percent of men are now considered primary caregivers.\textsuperscript{20}

The National Alliance for Caregiving (NAC) and American Association of Retired Persons (AARP) survey found that one out of four U.S. households are involved in caregiving and that two out of three caregivers are employed full-time. As a result, employees are physically, emotionally, and financially burdened, with the following adverse effects at the worksite:

- One out of three caregivers loses up to 16 hours of work per month due to caregiver responsibilities.\textsuperscript{21}
- Thirty percent of employees with a parent age 65 or over miss work to care for the parent.
- Thirty-one percent quit work due to providing care for a loved one.
- Sixty-seven percent adjust work schedules to care for a parent.
- Retirement and educational savings are impacted, which can cause career limits during “key wage earning” years.\textsuperscript{22}
  - The total estimated aggregate lost wages, pension, and Social Security benefits of caregivers of parents are nearly $3 trillion.
  - For women:
    - The estimated total individual amount of lost wages due to leaving the labor force early and/or reduced hours of work because of caregiving responsibilities is $142,693.
    - The estimated impact of caregiving on lost Social Security benefits is $131,351.
    - A very conservative estimated impact on pensions is approximately $50,000.
    - In total, the estimated cost impact of caregiving on the individual female caregiver in terms of lost wages and Social Security benefits is $324,044.
  - For men:
    - The estimated total individual amount of lost wages due to leaving the labor force early and/or reduced hours of work because of caregiving responsibilities is $89,107.
    - The estimated impact of caregiving on lost Social Security benefits is $144,609.

\textsuperscript{19.} American Association for Long-Term Care Insurance, The 2010 Sourcebook for Long-Term Care Insurance Information (2010).
\textsuperscript{21.} National Alliance for Caregiving and AARP, Caregiving in the U.S. (May 2005).
\textsuperscript{22.} Centers for Disease Control and Prevention, The State of Aging and Health in America 2004.
Adding in the conservative estimate of the impact on pensions at $50,000, the total impact is $283,716 for men or,

The estimated average loss for males and females age 50 and over who care for a parent is $303,880.23

Even when workers are able to be at work, they may not be fully present. They may be at work physically, yet mentally and emotionally they are absent. Presenteeism is a new term that has entered the workplace.

As a result of caregiving, U.S. businesses lose up to $33 billion annually from absenteeism, decline in productivity, interruptions (i.e., situations requiring immediate attention), decreased morale and motivation, unwillingness to travel, and inability to relocate.

**FIGURE 1-5**

**Types of Adjustments to Work Schedule Due to Caregiving**

<table>
<thead>
<tr>
<th>Change in Work Schedule</th>
<th>Percentage of Caregivers Surveyed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Used Sick Days/Vacation Time</td>
<td>64%</td>
</tr>
<tr>
<td>Decreased Hours</td>
<td>33%</td>
</tr>
<tr>
<td>Leave of Absence</td>
<td>22%</td>
</tr>
<tr>
<td>Full- to Part-Time</td>
<td>20%</td>
</tr>
<tr>
<td>Quit Job</td>
<td>16%</td>
</tr>
<tr>
<td>Retired Early</td>
<td>13%</td>
</tr>
</tbody>
</table>

Percentage of Caregivers Surveyed


**The Consequences of Not Having a Plan**

The client who contacts the advisor for assistance with long-term care funding is often not the person needing or receiving care. It is the spouse, the children, and other family members who are already actively providing some level of care. While these families come from diverse backgrounds, they share the same story. The person needing care

- rarely expected to live a long life;
- never thought he or she would need long-term care if he or she did live a long life; and

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had no idea what providing care to would do to his or her family until it was too late.

Then there are the financial consequences. Clients are accustomed to living an independent life. Paying for care, however, has forced them to reallocate their retirement portfolio and adjust their spending habits due to reduced net income. The lifestyle of most has been diminished or destroyed, and many have had to turn to their children for financial help.

The consequences of being unprepared and not having a plan were never put more simply than in a statement made by a caregiver in the Public Broadcasting Service (PBS) documentary *And Thou Shalt Honor*. Asked to reflect on what taking care of her husband, who suffered from Alzheimer’s disease, was doing to her, the caregiver stated:

“When I got married, I never understood what ‘in sickness and in health’ meant. Now I do:

*His sickness, my health.*

*For it to be easy for me, it would have to be over for him, and that’s unacceptable.*

*I often wonder: Will there be anything left for me, will there be anything left for me?*

This man has Alzheimer’s disease; his family suffers from it. If a long-term care plan is not addressed as part of their overall financial plan, the risks associated with this oversight are numerous:

- Longevity risk
- Early death of a partner
- Rising health care costs
- Increased need for health care
- Expense of long-term care
- Impact of market volatility
- Sequencing of returns risk
- Liquidity risk
- Inflation risk

**Conclusions**

As compelling as all the statistics stated in this chapter and the following chapters are, they are not going to help an advisor motivate a client to implement a long-term care plan. Risk does not motivate one to plan; consequences motivate

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one to plan. There are two distinct sets of consequences of the long-term care event:

1. The damaged emotional and physical well-being of those who provide care
2. The depletion of the family’s retirement portfolio

Integrating the statement “Tell me what’s important to you” into the initial conversation is essential; people will insure things that are important to them.

Merely suggesting clients should plan for long-term care does not mean they will take action. Whether or not someone chooses to plan for a long-term care event may seem like a personal choice, but the ramifications of not planning have an impact on the family, the community, the economy, and the nation.

The government’s position is clear. Americans are to plan for long-term care on their own.

Clients who wait to address long-term care needs until the point when they actually need care are too late, as it significantly impacts their financial situation, the quality of life of their loved ones, and their ability to maintain their independence. Incorporating long-term care insurance into the financial plan can ultimately help protect assets, although income pays for care, reduce the burden of care that would otherwise fall on family members, and enable the clients to receive care in the setting they most prefer, including their home.

Long-term care is a critically important issue that affects wealth accumulation, wealth protection, wealth transfer, and wealth distribution. Long-term care insurance as part of an overall plan is a prudent risk-management choice that benefits all.