WOMEN AND LONG-TERM CARE
How to recognize and plan for their unique needs

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SPEAKERS

Andy Maliskas
Divisional Sales Manager

Florrie Willis
Account Executive, External Wholesale

Jamie Hopkins
Esq., LLM, CLU®, RICP®, Associate Professor of Taxation, The American College

Caragh Fahy
CFP®
Owner and President, Madison Financial Planning Group
AGENDA

• Why long-term care planning is so important for women
• Financial consequences
• Conversations and planning options
• Next steps for your practice
• Why long-term care planning is so important for women
Consider these characteristics about female clients

- Rising dual-income households\(^1\)
- Female investors are joint-decision makers\(^2\)
- Women rely on advisors\(^2\)
- Women value long term care\(^3\)
- In many instances, women are the family nurturers\(^4\)

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The advice that women value most is:

Minimizing the risk of asset depletion

• Factors that make women more at risk than men
FACTORS THAT MAKE WOMEN MORE AT RISK THAN MEN

- **Biological reasons**
  increasing risk
  for females

- **Gender-biased**
  expectations about
caregiving

- **Financial risks**
  of needing or
  providing care
**Longevity**

At age 65, women have a life expectancy of 23 more years, or age 88.¹

More than two-thirds of the long-term care population in both nursing homes and residential communities are women.²

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Women need care longer than men

One in every two individuals turning age 65 today will need the coverage of a long-term care solution during their lifetime.

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More women than men receive care

Distribution of LTC services to users in the U.S. by sector and sex (2013 and 2014)

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Women (%)</th>
<th>Men (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult day service center</td>
<td>58.9%</td>
<td>41.1%</td>
</tr>
<tr>
<td>Home health agency</td>
<td>62.1%</td>
<td>37.9%</td>
</tr>
<tr>
<td>Hospice</td>
<td>59.1%</td>
<td>40.9%</td>
</tr>
<tr>
<td>Nursing home</td>
<td>66.8%</td>
<td>33.2%</td>
</tr>
<tr>
<td>Residential care community</td>
<td>70.2%</td>
<td>29.8%</td>
</tr>
</tbody>
</table>

Notes: Denominations used to calculate percentages for adult day services centers, nursing homes, and residential care communities were the number of current participants enrolled in adult day services centers, the number of current residents in nursing homes, and the number of current residents in residential care communities in 2014, respectively. Percentages may not add to 100 because of rounding. Percentages are based on the unrounded numbers.

Sources: CDC/NCHS, National Study of Long-Term Care Providers and Table 4 in Appendix B.
Alzheimer’s disease and dementia

Of the 5.2 million in the U.S. age 65 or older with Alzheimer’s disease, 3.3 million are female.

- Women outlive males, and age is the greatest risk factor for Alzheimer’s.
- Cardiovascular health in her senior years is a factor
- Genetics — women may be more predisposed to develop Alzheimer’s disease.¹

Alzheimer’s disease and dementia

There is also a gender difference in the length of time women and men live after diagnosis.

FACTORS THAT MAKE WOMEN MORE AT RISK THAN MEN

Gender-biased expectations about caregiving

43.5 million

Americans have provided unpaid care to an adult.¹

60% of the time, the caregiver was a woman.²

Women dedicate as much as 50% more time providing care than males.³

²Ibid.
Gender-biased expectations about caregiving

The physical stress can lead to long-term care needs of the female caregiver

- 1 in 4 develop health problems.
- Double the risk of coronary heart disease
- Other health issues: hypertension, immune disorders, increased mortality risk

# Financial risks of needing care

## Annual costs of common long term care services

A 2016 survey highlights the cost of some common long-term care services

<table>
<thead>
<tr>
<th>Service</th>
<th>Cost Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time, in-home health aid</td>
<td>$180.64 per 8-hour day</td>
</tr>
<tr>
<td></td>
<td>$43,354 for 240 days a year</td>
</tr>
<tr>
<td>Private room in assisted living</td>
<td>$54,719 per year</td>
</tr>
<tr>
<td>Full-time, in-home registered nurse</td>
<td>$416.46 for three visits daily</td>
</tr>
<tr>
<td></td>
<td>$152,008 per year</td>
</tr>
<tr>
<td>Private room at a skilled nursing home</td>
<td>$102,656 per year</td>
</tr>
</tbody>
</table>

*Numbers featured in this chart are national averages and amounts vary by location.

Financial risks of becoming a caregiver

- 50% of working women interrupt their employment to care for a relative.
- Only 13% of workers have access to paid family leave.
- Fewer hours on the job/less career advancement
- Lower retirement income from Social Security and pensions

The Sandwich Generation trap

• The typical Sandwich Generation member is age 40 to 59.
• 1 in 7 middle-aged adults supports an elderly parent and a child.
• The affluent are more vulnerable.
• 43% of those with income of $100,000 or above are more likely to be sandwiched than those who earn less.

FINANCIAL CONSEQUENCES

Total cost to women caregivers:

$324,000

in lost wages and Social Security benefits

Successful long-term care conversations
**SUCCESSFUL LONG-TERM CARE CONVERSATIONS**

Financial planning services women value more than men

<table>
<thead>
<tr>
<th>Service</th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance planning</td>
<td>68%</td>
<td>58%</td>
</tr>
<tr>
<td>Long-term healthcare planning</td>
<td>65%</td>
<td>57%</td>
</tr>
<tr>
<td>Eldercare planning</td>
<td>54%</td>
<td>44%</td>
</tr>
</tbody>
</table>

SUCCESSFUL LONG-TERM CARE CONVERSATIONS

The emotional approach

The balanced approach
SUCCESSFUL LONG-TERM CARE CONVERSATIONS

The emotional approach

• Ask about her parents. Are they still alive?
• Ask her about longevity in her family.
• See if she’s had a personal experience as caregiver.
• Women may not want to place that burden on their children.
• Discuss increased risk of depression and anxiety for caregivers.
• Women may want to stay in their home as long as possible.
• Ask about how she would pay for care.
SUCCESSFUL LONG-TERM CARE CONVERSATIONS

The balanced approach

• Simply ask about her plan for care.
• If she wants to self-insure, ask her which assets she would want to sell first.
• How would she feel about that?
• If she’s single or divorced, ask who would take care of her.
• Ask how she would feel if her legacy disappeared, or would she prefer to insure against that.
• Talk to her about the cost of care.
Long-term care planning options
# LONG-TERM CARE PLANNING OPTIONS

## Self-funding

<table>
<thead>
<tr>
<th>Description</th>
<th>• Pay for long-term care services out-of-pocket</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clients who may be interested</td>
<td>• Want to maintain asset control</td>
</tr>
</tbody>
</table>
| Considerations | • Unpredictable nature of long-term care  
• Investment risk and difficulty managing portfolio  
• Tax risk of taking substantial portfolio withdrawals |
### Annuities with long-term care riders

<table>
<thead>
<tr>
<th>Description</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Retirement income with added financial protection from long-term care expenses</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Clients who may be interested</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Primary goal is securing retirement income</td>
<td></td>
</tr>
<tr>
<td>• May be concerned about needing care in the future</td>
<td></td>
</tr>
<tr>
<td>• Don’t qualify for hybrids or traditional long-term care insurance</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Considerations</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Benefits may be restricted to care in a nursing home</td>
<td></td>
</tr>
<tr>
<td>• Death benefit may be reduced if rider is exercised</td>
<td></td>
</tr>
</tbody>
</table>
Life insurance with accelerated benefits riders

<table>
<thead>
<tr>
<th>Description</th>
<th>• Death benefit protection with a living benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clients who may be interested</td>
<td>• Want the financial protection of a death benefit and added protection from long-term care expenses</td>
</tr>
</tbody>
</table>
| Considerations            | • Benefits are restricted to permanent chronic or terminal conditions  
                           • Death benefit may be reduced if rider is exercised |

Accelerated death benefits may be taxable and may affect public assistance eligibility. An accelerated benefits rider is not long-term care insurance nor is it intended to replace the need for long-term care insurance. The benefits are supplementary to the primary need for death benefit protection. The rider may not cover all of the costs associated with the chronic illness of the insured. The benefits of the rider are limited by the policy’s death benefit at the time of claim; long-term care insurance does not typically contain this limitation.
## Life insurance/long-term care combination products

| Description | Long-term care expense protection plus other benefits:  
| | – A death benefit  
| | – Cash value growth  
| | – Return of premium |
| Clients who may be interested | Want more than “use it or lose it” protection |
| Considerations | May cost more than traditional long-term care insurance  
| | Choice of flexible premium options for more affordability  
| | Potential appeal to clients of various ages and asset levels |
## Traditional long-term care insurance

| Description | • Protection from long-term care expenses |
| Clients who may be interested | • Want insurance to help cover out-of-pocket costs for a variety of services, such as nursing home care, in-home care, assisted living, and adult day care |
| Considerations | • May offer more long-term care benefits |
| | • If long-term care is not needed, clients don’t receive benefits |
The need for holistic planning
A comprehensive view of the retirement strategy

✓ Recommendations made in the context of customized planning
✓ Is your client financially vulnerable?
✓ Protect against risk in balance with all of the client’s objectives
Repositioning portfolio assets
Leverage existing cash to make it multipurpose.

Hybrid products pay in one of three ways
1. Dollars remain on the balance sheet
2. No potential for future premium rate increases
3. Rate of return of LTC benefits vs. self-insuring at older ages
For women long-term care is personal

- Client stories tend to be about caring for their own mothers
- Mothers who’ve raised children don’t want to rely on them
- Widows — purchase coverage to avoid burdening their children
- Couples — hybrid products appeal to both

Why hybrid solutions?
- **Emotional approach:** protect and provide care options
- **Balanced approach:** practical — pays in one of three ways, fixed cost
Next steps for your practice
Deepen relationships

- Anticipate the needs women and communicate with them.
- Discuss their financial concerns and ways to minimize risk.
- Conduct one-on-one meetings.
Identify female clients in your practice

- Retirees
- Millennials (women ages 20 to 35)
- Women in health-related fields
- Professionals
- Single or divorced women
- LGBT married couples
- Those with parents who haven’t planned
- Individuals who may have coverage through work
Look to Lincoln Financial

We have a wealth of LTC planning resources

• Prospecting tools
• Planning calculators
• Conversation starters
• Client literature
• Web-based planning solutions
KEY TAKEAWAYS

• Women are ideal candidates for LTC planning

• Women are more at risk from needing care or becoming caregivers

• They face long-term financial risk

• They look to you for the most valued advice you can share:

  Minimizing the risk of asset depletion

• Lincoln has a wealth of LTC planning resources for you
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Lincoln MoneyGuard® products are universal life insurance policies with optional long-term care benefit riders.
QUESTIONS
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