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Four Things You Can Do with Clients to Plan for Long-Term Care

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With half of Americans age 65 and older requiring long-term care,* Lincoln Financial Group outlines a four-step process you can follow to help clients better plan.

■ STEP ONE: Identify preferences for care

The first step in a strong long-term care plan is to help clients identify their preferences and those of their spouse and/or children.

Clients generally want to live independently for as long as possible. Important factors in helping them plan for independence are the availability of family support and any concerns about safety. Helping your clients stay independent and safe may require in-home assistance with daily living activities including eating, bathing, dressing, toileting, transferring and continence. In-home healthcare can be provided by loved ones but is often supported by paid professionals, such as a health aide, nurse or a combination.

To help clients evaluate their options for care, there are a series of questions you'll want to ask them. If possible, include their family members in the discussion.

- Would a family member, e.g., spouse or child, be available to provide care?
- If so, who is the person (or persons) willing to provide care and to what extent?
- Would your client prefer to stay in their home or move to a professional care facility?
- To help them evaluate their preference, see if a community setting that offers social activities in addition to receiving professional care is desirable.
- If a facility is an option, is your client familiar with the services each offers, such as independent living, assisted living, a nursing home, or a combination of in-home and adult daycare?

■ STEP TWO: Review costs for the different types of care

Step two is to help clients understand the real costs and who pays. A common misconception is that a combination of Medicare and health insurance is a way to meet the expenses of paid long-term care.* It's not until clients start using their Medicare coverage that they realize what's covered by Medicare and what's not. Medicare and health insurance are not designed to cover long-term care expenses.†

To help determine how much your clients can expect to pay for care, Lincoln has created an interactive website, [WhatCareCosts.com](https://www.lincolncarecosts.com). It provides yearly and monthly costs by type of care in your state or where clients may plan to retire, and even offers projections for the future. Link to the website and enter "Lincoln" as your sponsor code to gain free access to needed information relating to the cost of care.

■ STEP THREE: Have a family conversation

Once you've covered the different possibilities for care, the costs and client assets available for care, it's time for a broader conversation with your client and his/her family. A long-term care event impacts the entire family, so it's important to include spouses and adult children. Since women face unique issues when it comes to caregiving and planning, you might want to have them kick off the conversation. A good opening is to ask them how they might be impacted if a spouse or parent needs long-term care or if they faced long-term care as a surviving spouse? Answers to these questions alone can demonstrate how everyone needs to plan.

Other tips for the family conversation:

- Have the WhatCareCosts.com website available in case you need it.
- Methodically and earnestly approach topics like mortality and the intimacy of caring for a loved one with the activities of daily living.
- If you notice participants becoming uncomfortable, recognize that this is completely understandable and expected.
- Keep your focus on getting everyone on the same page.

Be prepared for revelations about individual attitudes toward caregiving. Having a conversation can help family members understand why a loved one may not want a son or daughter to shoulder the burden of caregiving alone. Additionally, planning for professional assistance before it is needed can help relieve any anxiety among family members about their ability to provide adequate care.*

■ STEP FOUR: Review funding options with your client

Even the best retirement plans can be disrupted if long-term care funding isn't addressed. Advisors estimate the average annual withdrawal rate from savings to more than double — from 5% to 13% when clients need long-term care and have no insurance in place.*

Use the estimates for the type of care your client wants to receive as a starting point to determine the funding needed. Early planning helps clients expand their funding options, which can make affordable coverage more accessible.

For example, hybrid long-term care funding solutions are very attractive to clients looking for affordable, predictable premiums that don't last forever and won't increase over time. Depending on the age of your client, premiums can be spread out for up to 25 years. This can keep coverage within their budget, especially during the years when clients are likely to have competing financial priorities.

Eligibility requirements for hybrid products can be simpler than those for traditional LTC products, and individuals may qualify for lab-free underwriting. This means that, independent of other factors, clients may not need to pass invasive lab tests to be approved for long-term care coverage.

Conclusion:

You'll instill a sense of confidence in clients by preparing them for the need for long-term care in terms of:

- Identifying their personal and family preferences for care
- Estimating the actual and projected costs of care
- Improving the attitudes of family members when it comes to receiving and/or providing care

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* Versta Research, "2017 LTC Marketing and Thought Leadership Research, Findings from Surveys of Advisors and Consumers," http://newsroom.lfg.com/sites/lfg.newshq.businesswire.com/files/Lincoln_LTC_Study_Part_1_Final_02.21.18.pdf, February 2018.

[†] Department of Health and Human Services, "What is Medicare and What Does it Cover?" [LongTermCare.gov](https://longtermcare.acl.gov/medicare-medicaid-more/medicare.html), <https://longtermcare.acl.gov/medicare-medicaid-more/medicare.html>

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