Overlooked piece of the puzzle

Why you need to consider long-term care.

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Why do we need to plan for long-term care? We're living longer — a lot longer — and there is a diminishing availability of caregivers. Then there is the significant probability of needing care. If you are already 65 or think you're going to live to 65, there is a 70 percent chance you're going to need long-term care.

This is not a risk you can ignore. The problem is, you can't wait until you're 65 or 70 to plan for it. You need to plan well ahead, and that's a challenge we have as advisors. We must motivate our clients in their 40s and 50s to create the plan they don't see themselves needing.

AGE FOTOSTOCK

Twenty-nine percent of the U.S. population is caring for somebody in some fashion.

But when you say, "I want to talk to you about long-term care," what pops into their head? *Nursing home. Wow, can't wait to have a three-hour discussion about my need to go into the nursing home. Then you're going to try to sell me some insurance to pay for it. Can't wait for that meeting.* That's what people think of when you say those three words: long-term care.

So when you say, "I want to talk about long-term care," the client says, "I am going to self-insure, we've got a plan, the kids will take care of me" or whatever objections they used to get rid of the last four people who wanted to talk to them about this. You've got to get past that with them because this is a big issue and it's going to impact them. In our agency, we've sold more than 25,000 policies. We've got a lot of people on the claim side, and they are so grateful they had a plan.

We cannot predict the future with the same certainty that we can plan for it, so we need to have a plan. And reasonable people will insure, not against the risk of an event happening to them, but rather against the consequences to those they love if it ever does. Because when your clients need care, whether they have long-term care insurance or not, somebody in their family is going to step up to the plate to make sure they're cared for. Somebody is going to do that, but that somebody didn't know he or she was the plan. Often, it's a daughter or son who is 60 or 65 and wanted to retire and start enjoying life who is now caring for a parent who didn't have a plan. That's the impact. So it's not about you; it's about your family members who are going to end up delivering this care. That's really what we're solving for.

Another reason advisors are struggling to sell long-term care insurance is because the premiums are so high. Part of the reason is the amount of insurance we are proposing is so huge that the premiums are overwhelming. A nursing home with a private room costs on average $87,600 a year. I hear a lot of advisors trying to propose insurance for this risk, and it is very expensive.

Let's now look at how much it costs for home health care. The cost for a 44-hour-a-week (6.5 hours per day) home health caregiver is $45,760 annually. When you look at claim studies, the growing area in which people are receiving care is in home health care. Between receiving care in home and in assisted living facilities, the claim figures are close to 70 percent. So why are we still insuring for the nursing home risk when home health and assisted living care are more likely to happen?

I'm not suggesting you go out and buy a home-care-only policy. Most everyone should still buy comprehensive long-term care, but consider insuring $4,000 or $5,000 a month, not $8,000 a month. Make the premium you propose more affordable, especially considering people prefer to be cared for in their homes.

Let's go back and talk about the caregivers once last time. Caregivers 65 and older who already have chronic illnesses have a mortality rate 63 percent higher than non-caregivers.

The stress of family care responsibilities has proven to adversely impact a caregiver's immune system up to three years after she provided care for a loved one. The stress of caregiving decreases life expectancy by 10 years.

So as you evaluate your goals following the MDRT meeting, make a commitment to help your clients protect their families and have a plan for all three phases of retirement: The Go-Go Years, The Slow-Go Years and the No-Go Years. Your client's families will be eternally grateful that you had the courage to convince their mom, dad, siblings or life partners that long-term care insurance was an important planning component of their full retirement plan. RT

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