

# Part 1: 2017 Long-Term Care Research

Findings from Surveys of Advisors and Consumers

**Lincoln Financial Group and Versta Research**

February 2018

# Contents

	<b>Page</b>
Research Methods.....	3
<b>Consumers.....</b>	<b>4</b>
Long-Term Care Planning.....	5
Burdens of Long-Term Care.....	9
Financial Planning for Long-Term Care.....	12
Paying for Long-Term Care and Long-Term Care Insurance.....	15
<b>Advisors.....</b>	<b>22</b>
Approach to Financial Planning.....	23
Long-Term Care Planning.....	28
Need for Long-Term Care Insurance.....	38
<b>Appendix.....</b>	<b>45</b>



# Research Methods

Versta Research, a third-party research firm, was commissioned by Lincoln Financial Group to design and conduct two surveys—one among consumers and one among producing financial advisors—on the topic of long-term care attitudes, experiences, and planning.

## Consumer Survey

- Sample of 1,012 U.S. adults
- Recruited from a national online research panel used exclusively for polling and research
- Sample was stratified by age, gender, sexual orientation, race and ethnicity, region, and income
- Final data was weighted to match U.S. Census on age, gender, race, ethnicity, and region

## Advisor Survey:

- Sample of 500 producing financial advisors
- Recruited from a national online business panel used exclusively for research
- To qualify for the survey, advisors had to have familiarity with long-term care or hybrid products, minimum 5 years tenure as an advisor, and a minimum average client portfolio of \$100,000
- Advisors represent a full range of channels, including independent broker dealers, wirehouses, regional and insurance broker dealers, banks, and others

The surveys were conducted from August 28 to September 22, 2017.



# CONSUMERS

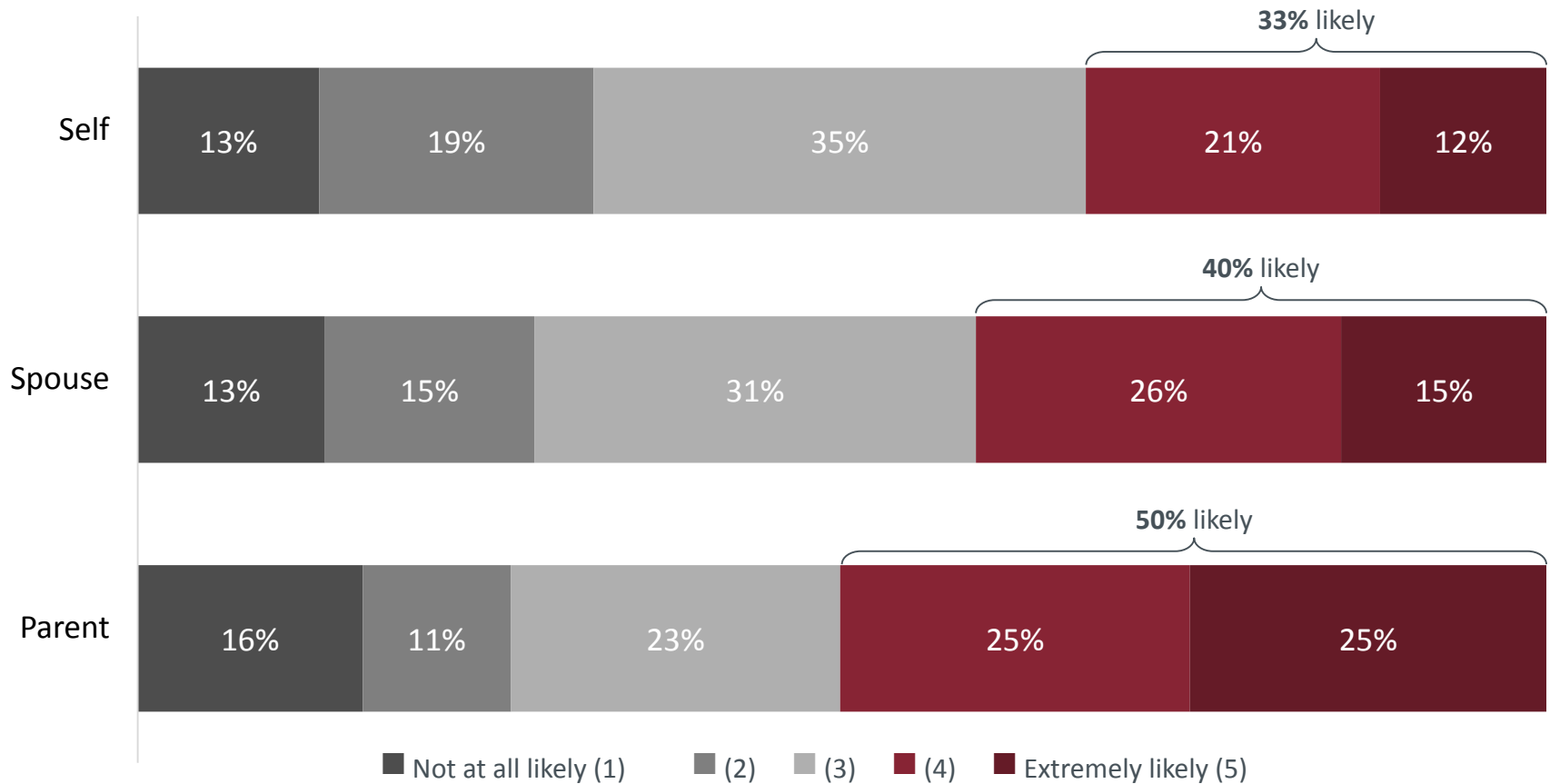


# Long-Term Care Planning



# One-third of Americans surveyed believe they will need long-term care. More believe a parent or spouse will.

Perceived Likelihood of Needing Long-Term Care

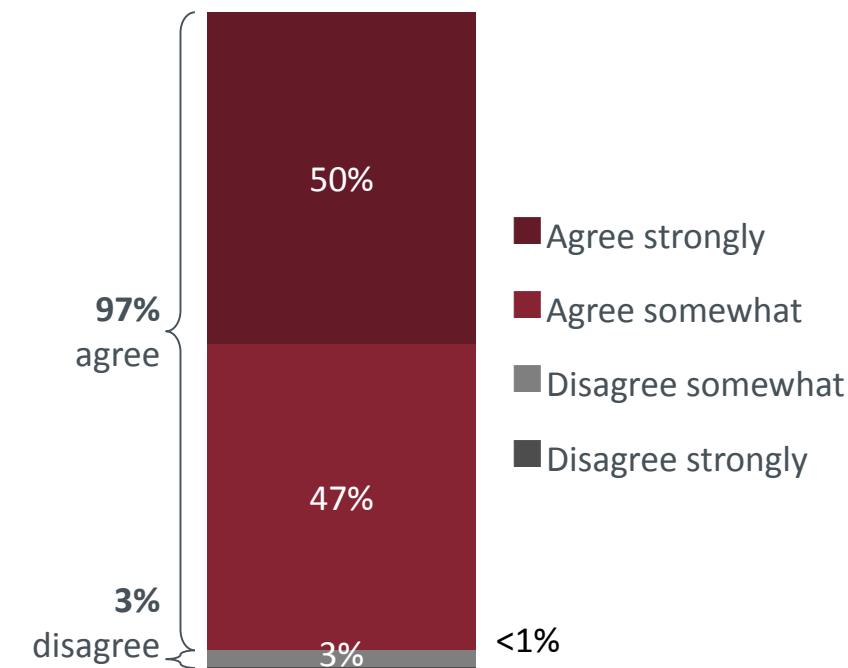


Q16. How likely do you feel it is that: a. You will need long-term care sometime (1,012n); b. A parent will need long-term care sometime (766n); c. Your spouse will need long-term care sometime? (759n)



# Most agree that families should discuss long-term care planning, but far fewer have had such conversations.

“Families should discuss plans for long-term care before they actually need it”



Conversations about Long-Term Care

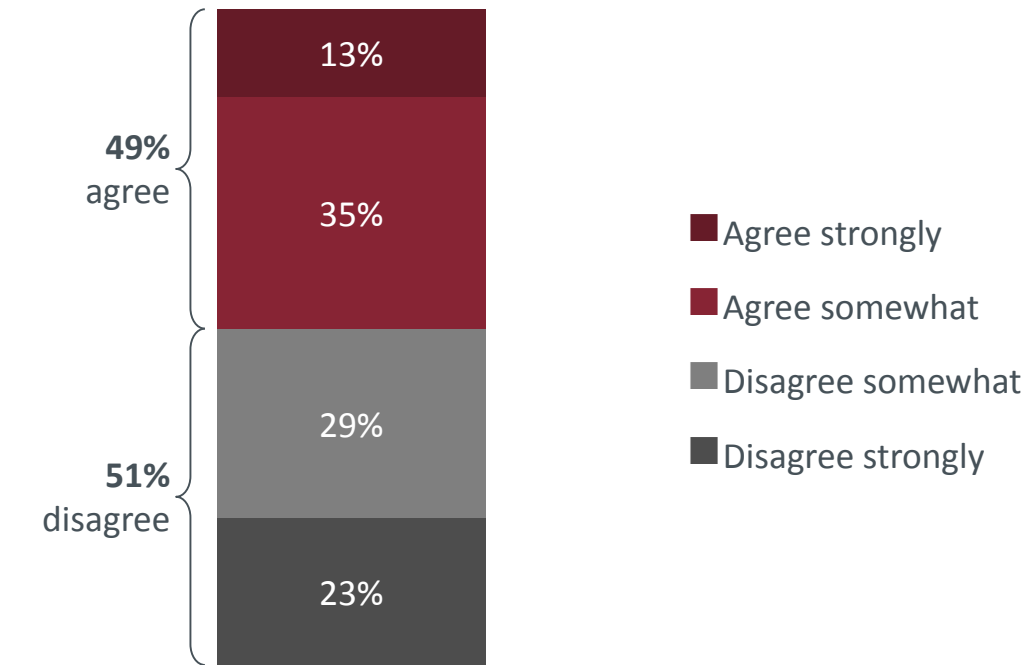
Have talked with...	... About who would provide long-term care	... About how long-term care would be paid for
Spouse	52%	47%
Parents	35%	27%
Children	29%	24%
Friends	22%	15%

Q34c. How much do you agree or disagree with each of the following statements: Families should discuss plans for long-term care before they actually need it? (1,012n) Q26. Have you had specific conversations with the following people about who would provide long-term care for you if you needed it? (597–888n) Q27. Have you had (or did you have) specific conversations with a parent about who would provide long-term care for them if they needed it? (745n) Q28. Have you had specific conversations with the following people about how you would pay for long-term care if you needed it? (600–887n) Q29. Have you had specific conversations with a parent about how they would pay for long-term care if they needed it? (702n)



# Of those who have provided long-term care themselves, half say they waited too long before discussing plans.

“We waited too long before discussing plans and options for long-term care”



Q50b. [IF HAS PROVIDED LONG-TERM CARE] How much do you agree or disagree with each of the following: We waited too long before discussing plans and options for long-term care? (226n)





# Burdens of Long-Term Care



# Americans surveyed acknowledge a wide range of burdens on family members who provide long-term care.

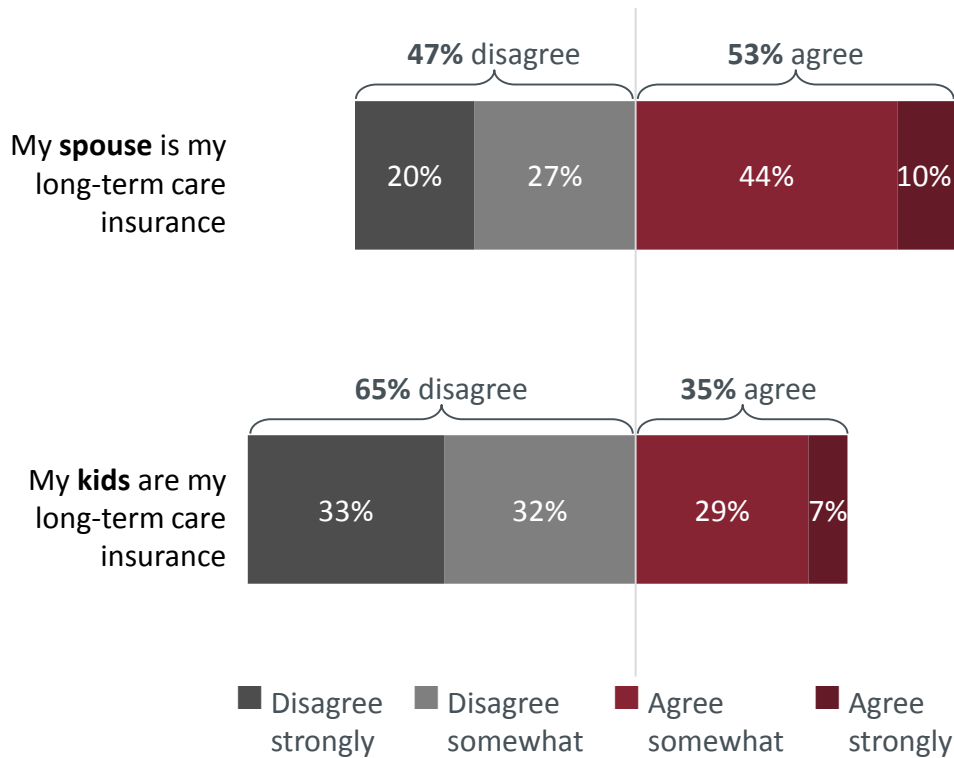
	<b>Biggest Perceived Burdens</b> (% all respondents)	<b>Burdens Experienced by Caregivers</b> (% saying difficult)
The emotional burden of providing care	72%	84%
The physical burden and difficulty of care	64%	62%
The time burden of providing long-term care	64%	72%
The financial burden of cost	56%	40%
The health consequences of stress	51%	46%
The financial burden of lost earnings	35%	39%

Q25. What do you think are the biggest burdens on family members who provide long-term care for loved ones? (1,012n) Q48. [IF HAS PROVIDED LTC] How difficult was it for you: a. Emotionally; b. Physically; c. In terms of your health; d. In terms of how much time it took; e. In terms of lost earnings from work; f. In terms of the financial cost of providing care? (226n)

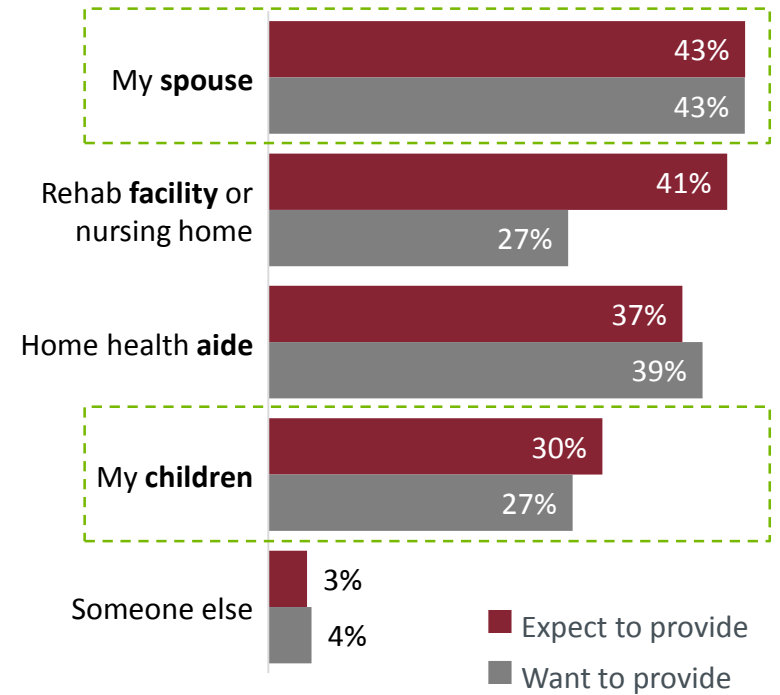


# Some want and expect their children and spouses to provide long-term care if needed.

## Families as Insurance



## Who Will Provide Long-term Care (multiple select)



Q43. How much do you agree or disagree with each of the following statements: a. My kids are my long-term care insurance (707n); b. My spouse is my long-term care insurance (693n)? Q18. If you need long-term care who will mostly provide this care: My spouse; My children; A home health aide; A rehabilitation facility or nursing home; Someone else(1,012n)? Q19. Who would you *want* to provide this care? (1,012n)

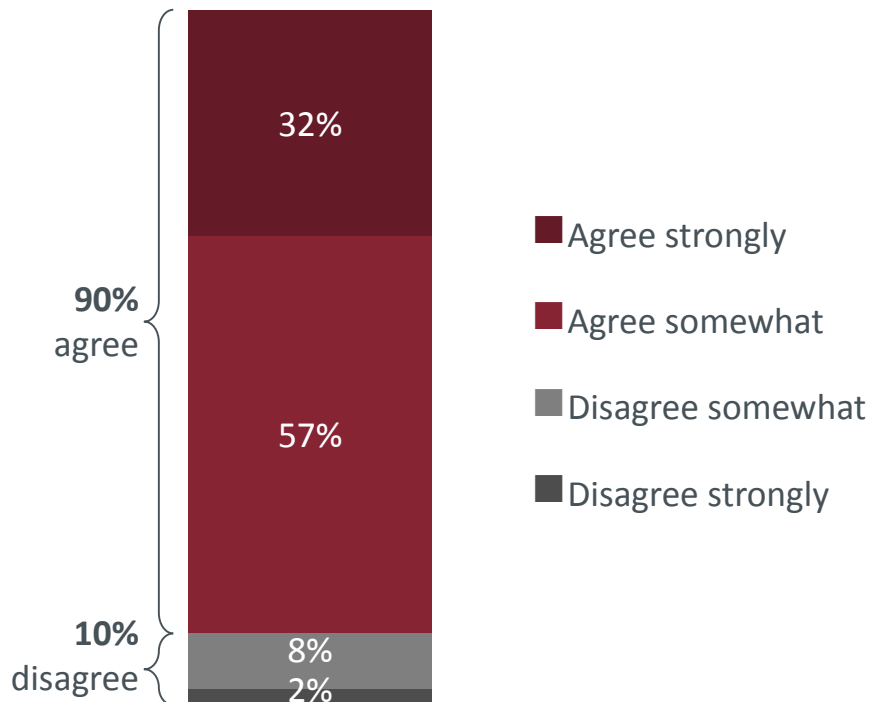


# Financial Planning for Long-Term Care



# Most believe advisors should discuss long-term care with clients. But few people have had these discussions.

## Financial Advisors Should Discuss Long-Term Care Plans with Clients



## Long-Term Care Conversations with Advisors

14%

Have talked with an advisor about **how they would pay for** long-term care if they needed it

13%

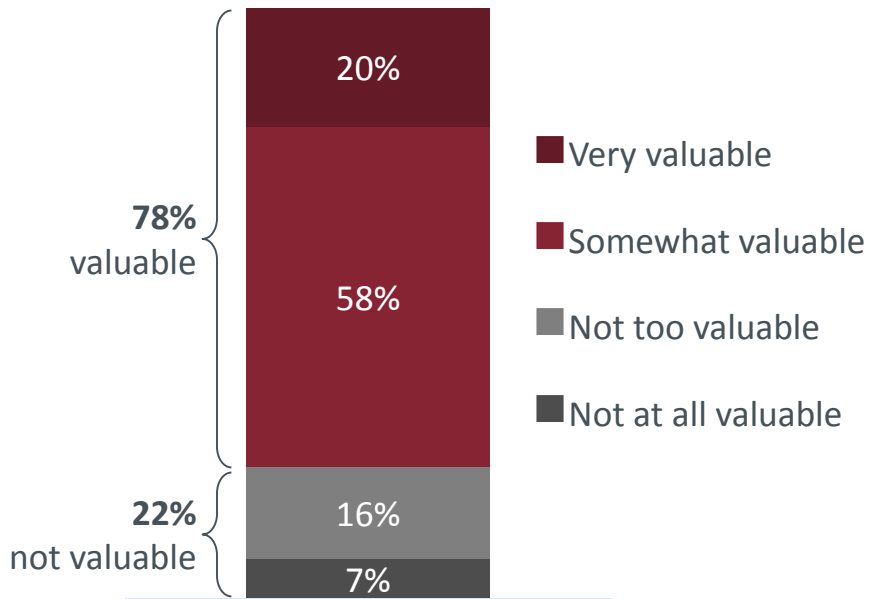
Have talked with an advisor about **who would provide** long-term care if they needed it

[BASE ALL] Q26c. Conversations with your financial advisor - Have you had specific conversations with the following people about who would provide long-term care for you if you needed it? Q28c. Conversations with your financial advisor - Have you had specific conversations with the following people about how you would pay for long-term care if you needed it? Q34d. How much do you agree or disagree with each of the following statements : Financial advisors should talk about long-term care plans with their clients? (1,012n)

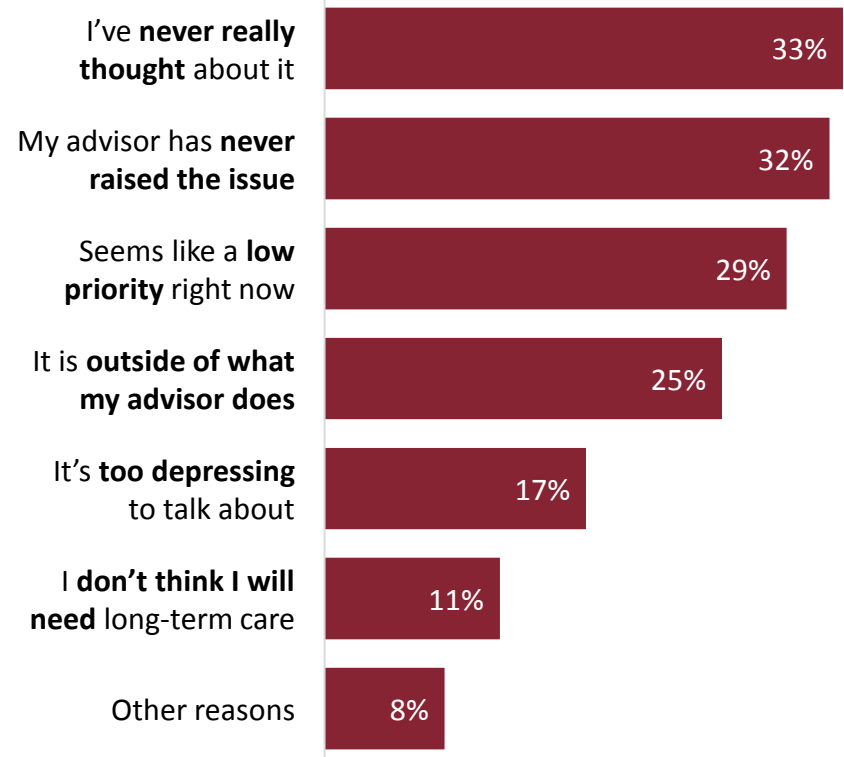


# Most agree that discussing long-term care with an advisor would be valuable, but the topic is “out of mind.”

Value in Including Long-Term Care in Financial Planning



Reasons for Not Talking with an Advisor about Paying for Long-Term Care (multiple select)



[IF “HOW YOU WOULD PAY” CONVERSATION WITH ADVISOR=NO] Q31. How valuable would it be to discuss this and include it in your financial planning? (150n) Q30. Why have you never talked about how you would pay for long term care with your advisor? (150n)

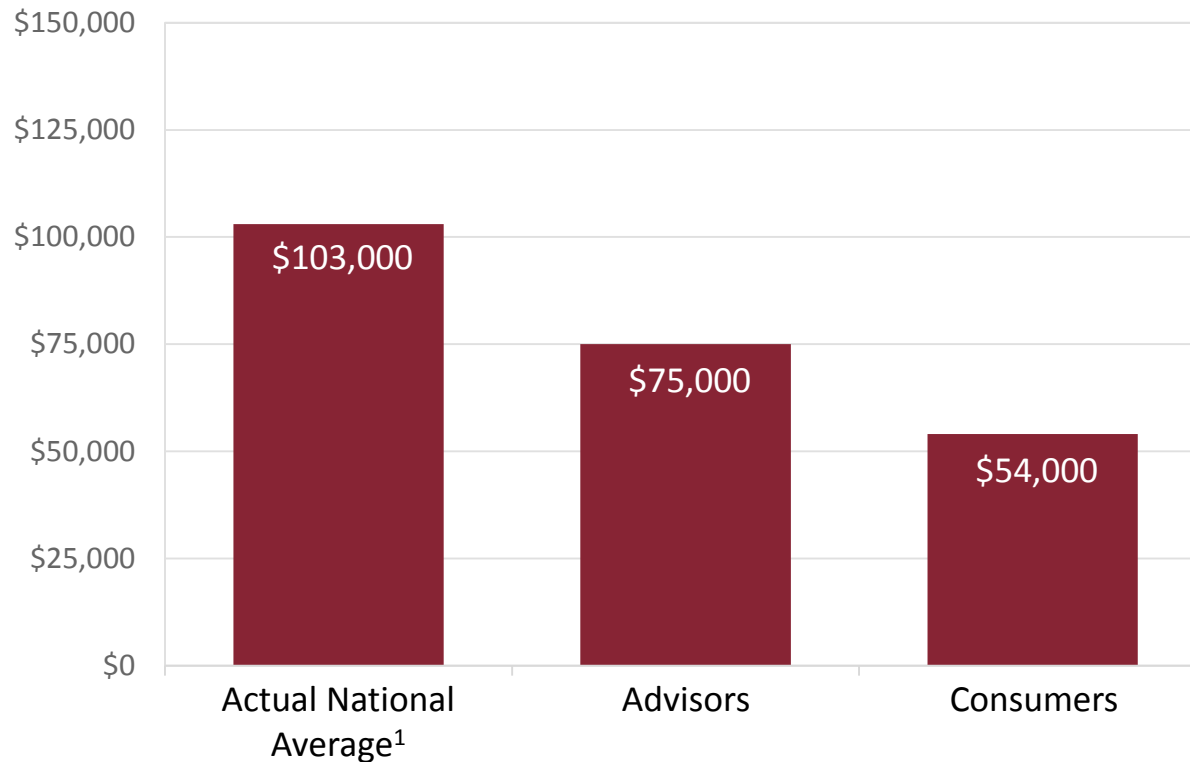


# Paying for Long-Term Care and Long-Term Care Insurance



# Respondents in the consumer survey (like advisors) underestimate the cost of nursing home long-term care.

Annual Cost of Nursing Home Care as Estimated by ...



<sup>1</sup> Source: LTCG, "2017 Lincoln Financial Group Cost of Care Survey"

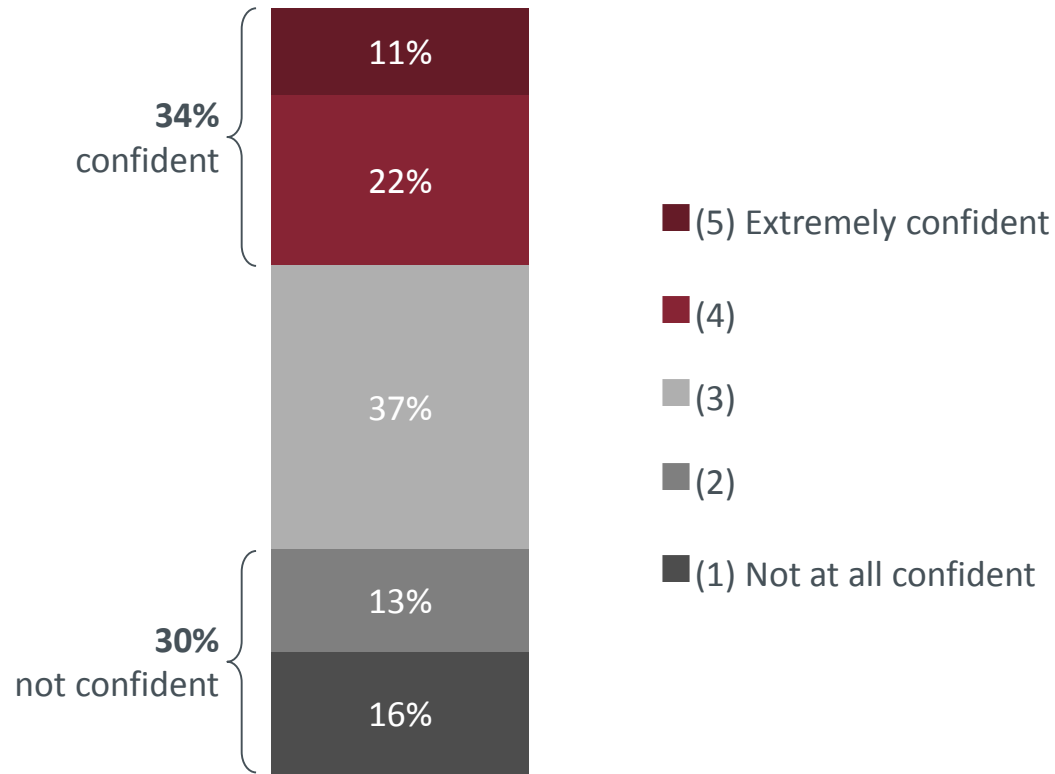
Advisor Q32. What would you estimate is the average annual cost of a private room in a nursing home facility in the United States today? [mean] (476n) Consumer Q46. What would you estimate is the average annual cost of a private room in a nursing home facility in the United States today? [mean] (965n)





# Only a third of Americans surveyed feel confident of having the financial resources to pay for long-term care.

"How confident are you that you will have the financial resources to pay for long-term care should the need arise?"

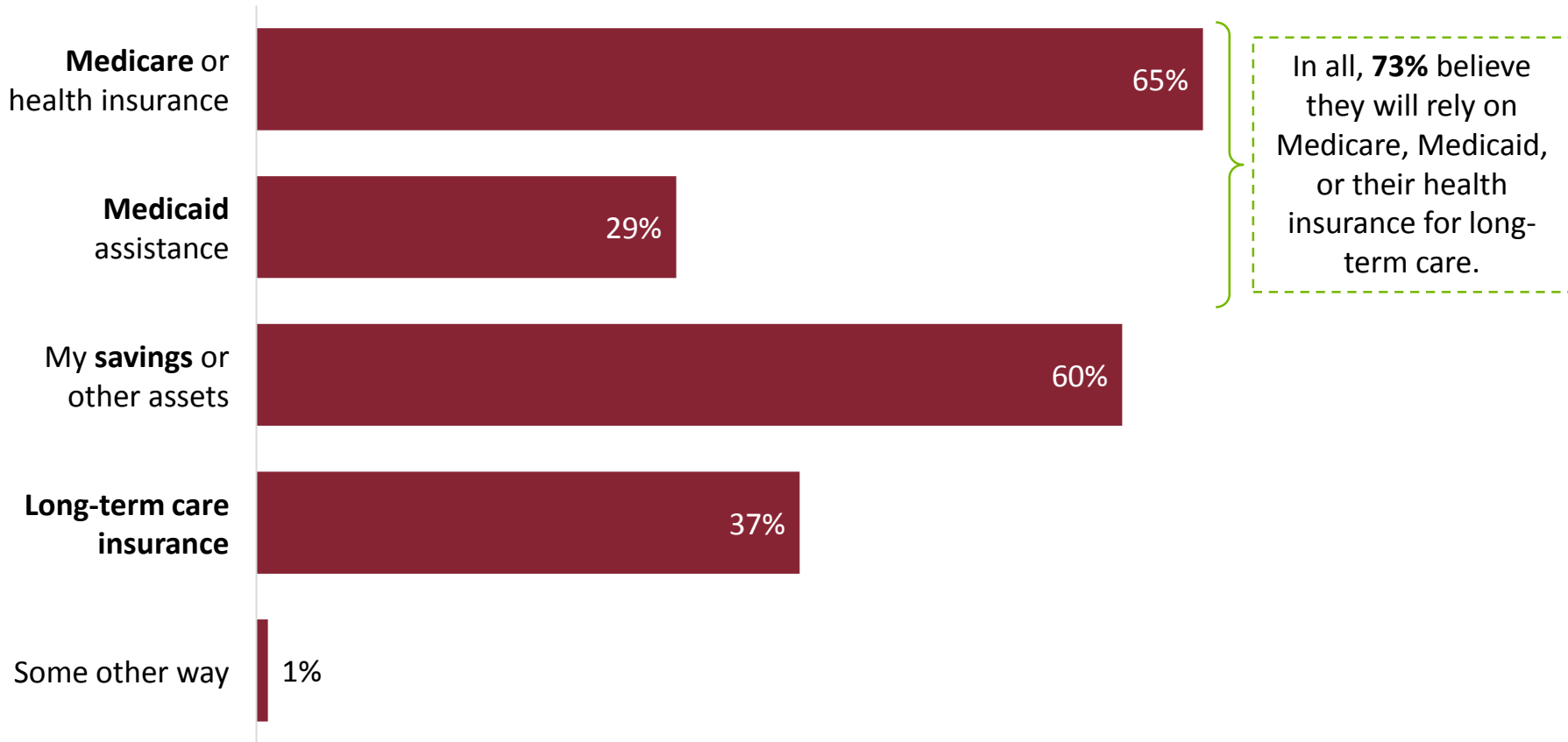


Q45. Overall, how confident are you that you will have the financial resources to pay for long-term care expenses should the need arise? (1,012n)



# Most believe they would pay for care through Medicare, Medicaid, or health insurance.

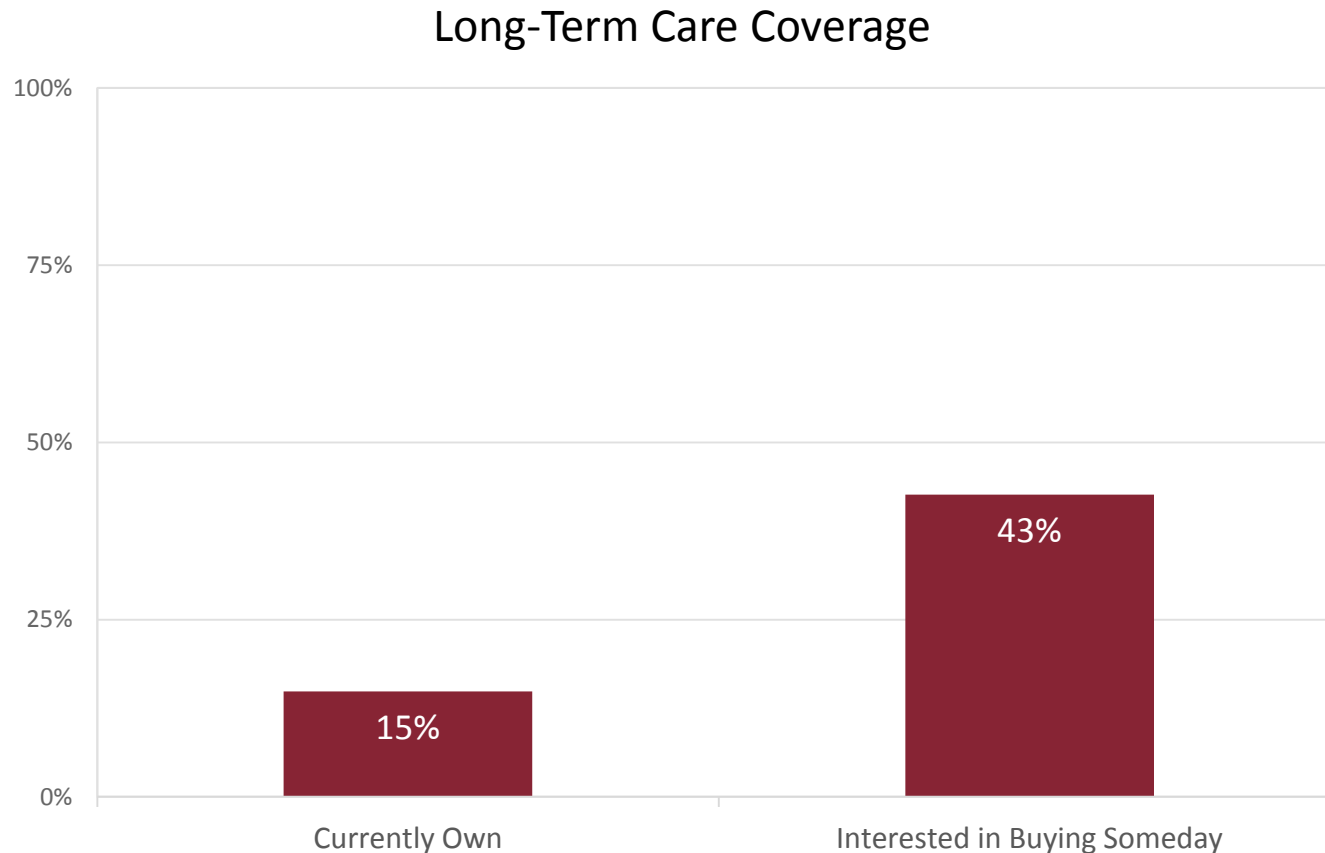
How People Would Pay For Long-Term Care If Needed  
(multiple select)



Q20. [IF AIDE OR NURSING HOME WILL MOSTLY PROVIDE CARE] How would you most likely pay for this care? (623n)



One in seven report having long-term care insurance.  
Another four in ten are interested.

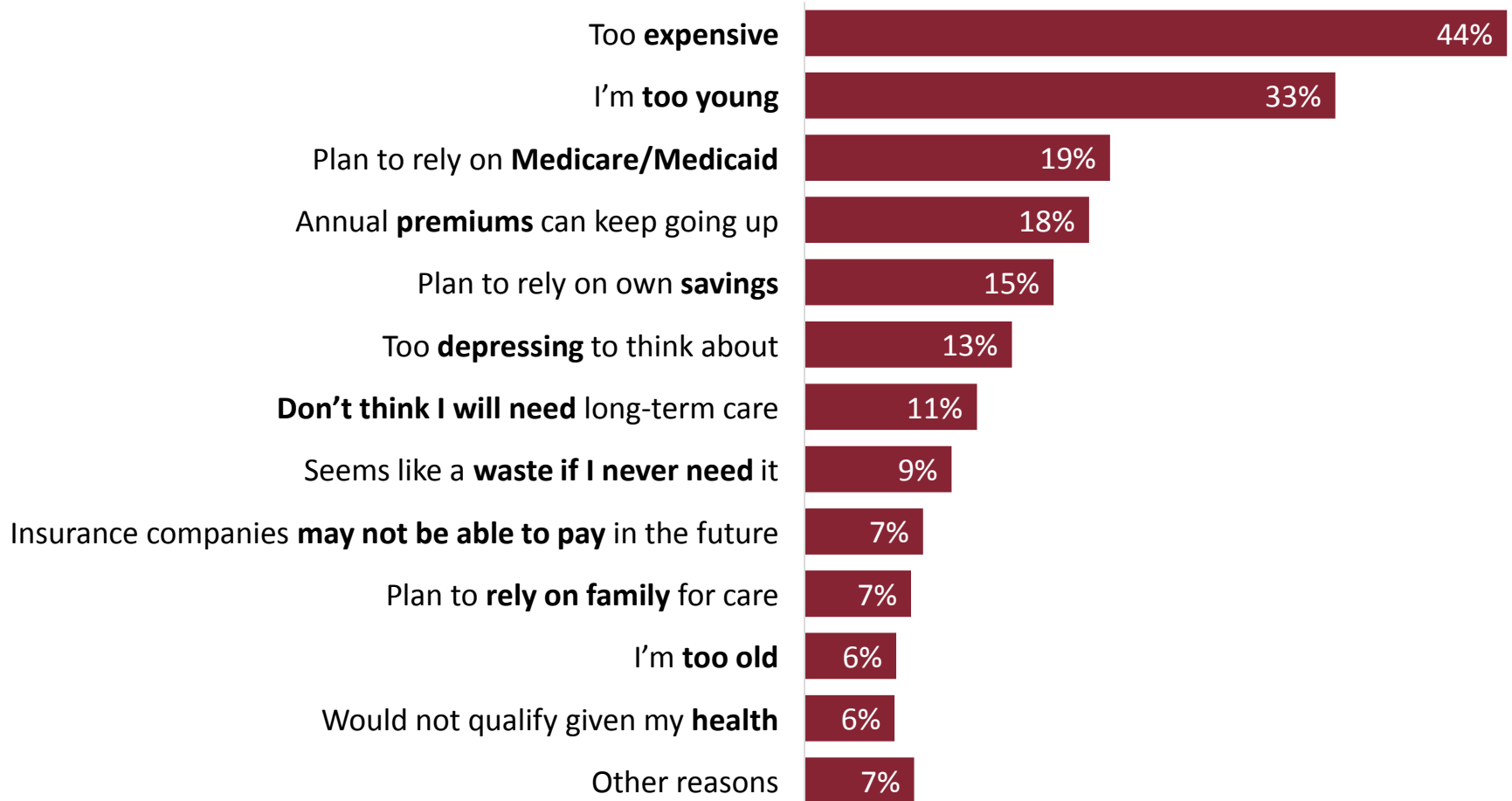


Q36. Do you currently have a long-term care insurance policy? [BASE ALL] Q39. How interested are you in purchasing long-term care insurance someday? (1,012n)



# The biggest reasons for not having long-term care insurance are perceptions on cost and being too young.

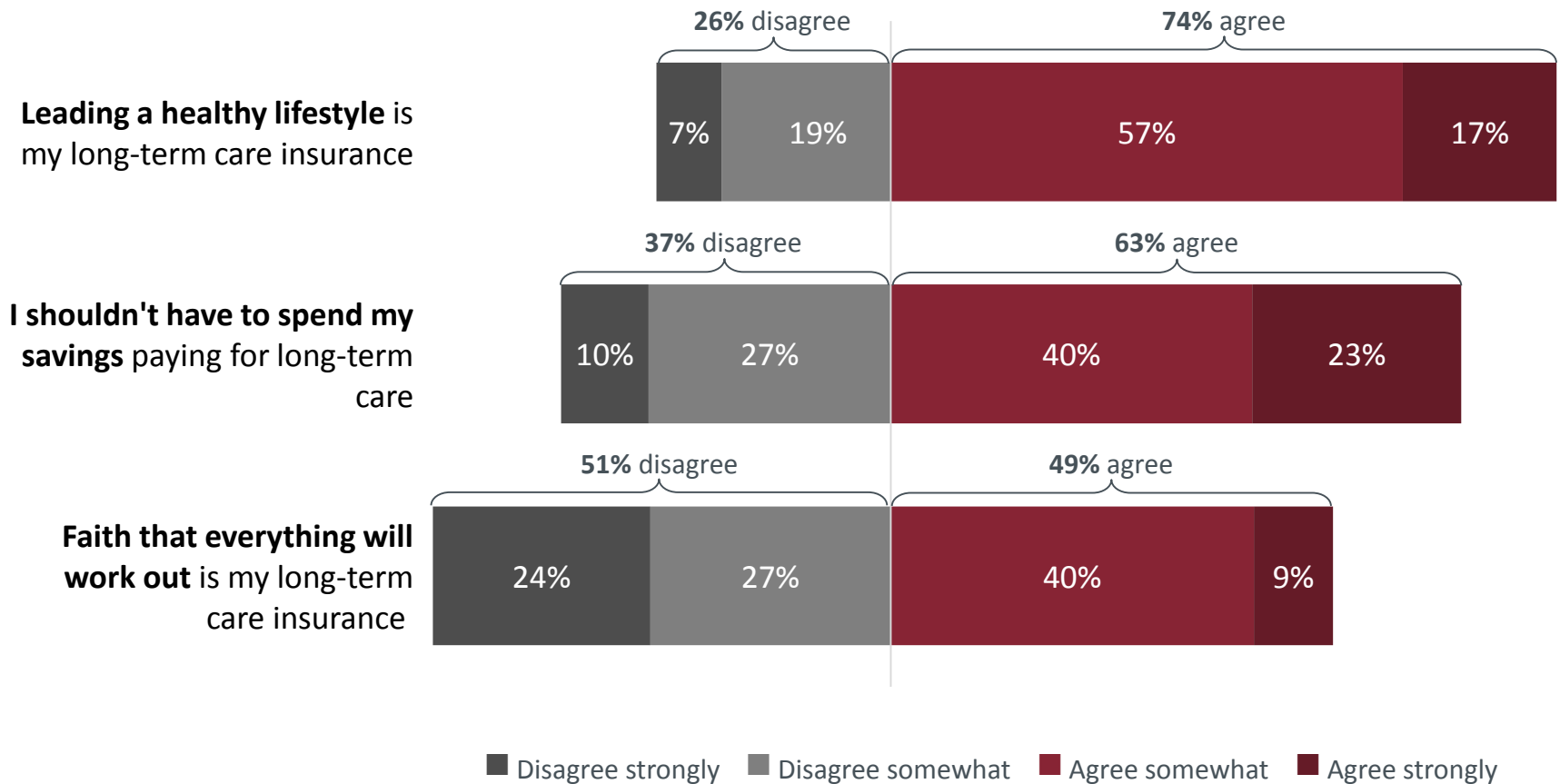
Reasons for Not Having Long-Term Care Insurance  
(multiple select)



Q38. [IF NO LTC POLICY] What are the reasons you do not have a long-term care insurance policy? (791n)



# Many see good health and strong faith as the best long-term care insurance.



How much do you agree or disagree with each of the following statements? Q34e. I shouldn't have to spend my savings paying for long-term care. Q43c. Leading a healthy lifestyle is my long-term care insurance. Q43d. Faith that everything will work out is my long-term care insurance. (1,012n)



# ADVISORS

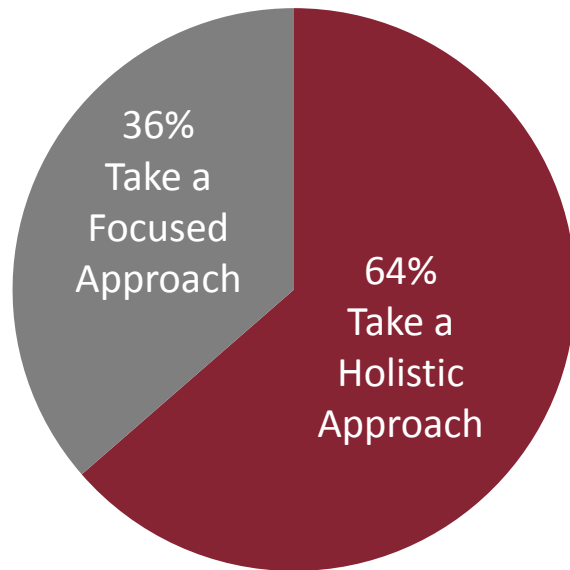


# Approach to Financial Planning



# Two-thirds of advisors take a broad, holistic approach to financial planning.

## Advisors' Approach to Financial Planning



**99%**

Want to give clients emotional piece of mind that comes from financial peace of mind

**86%**

Feel it is important to offer advice that supports a client's family

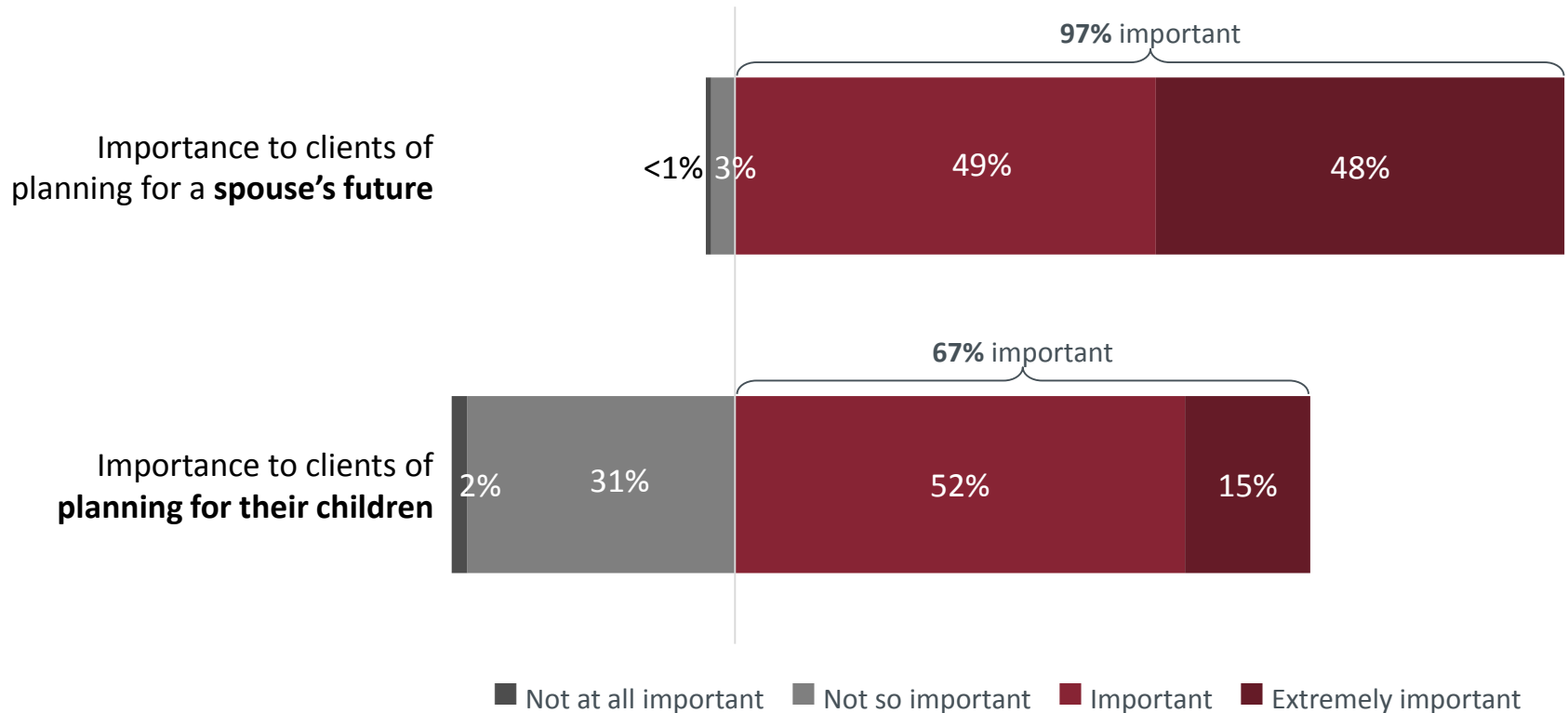
Q15. Which describes you better, even if neither is exactly right: I try to help clients with a broad and holistic plan for their overall financial future; I try to stay focused on the financial needs my clients express and have concerns with? Q16. How much do you agree or disagree with each of the following statements: a. It is important to me to offer advice that supports a client's children and other family members; b. I want to give my clients emotional peace of mind that comes from financial peace of mind? (500n)





# Advisors say clients want to plan protection for their spouses and children.

## Importance of Planning for Children and Spouses

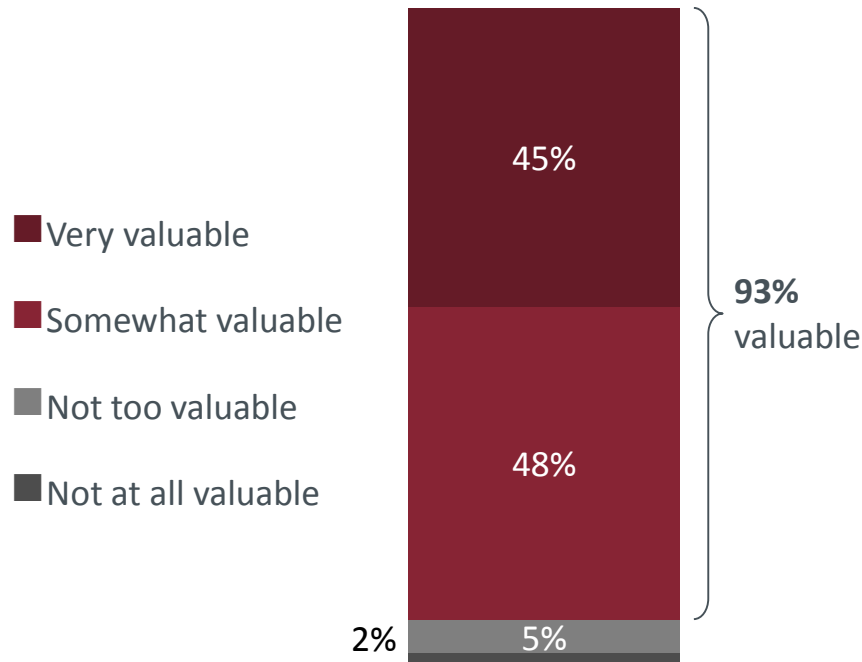


Q11a. How important to your clients is: a. planning for a spouse's future in case something happens to them; b. planning for their children as part of their own financial planning? (500n)

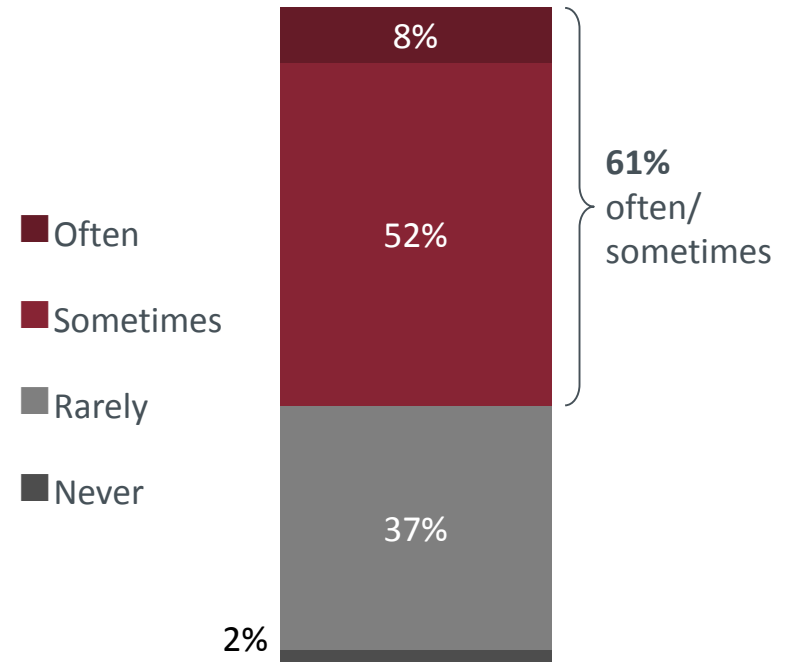


# Advisors feel it is valuable to meet with client with their children or extended family.

## Value of Meeting Clients Together with Family



## Frequency of Meeting Clients with Family

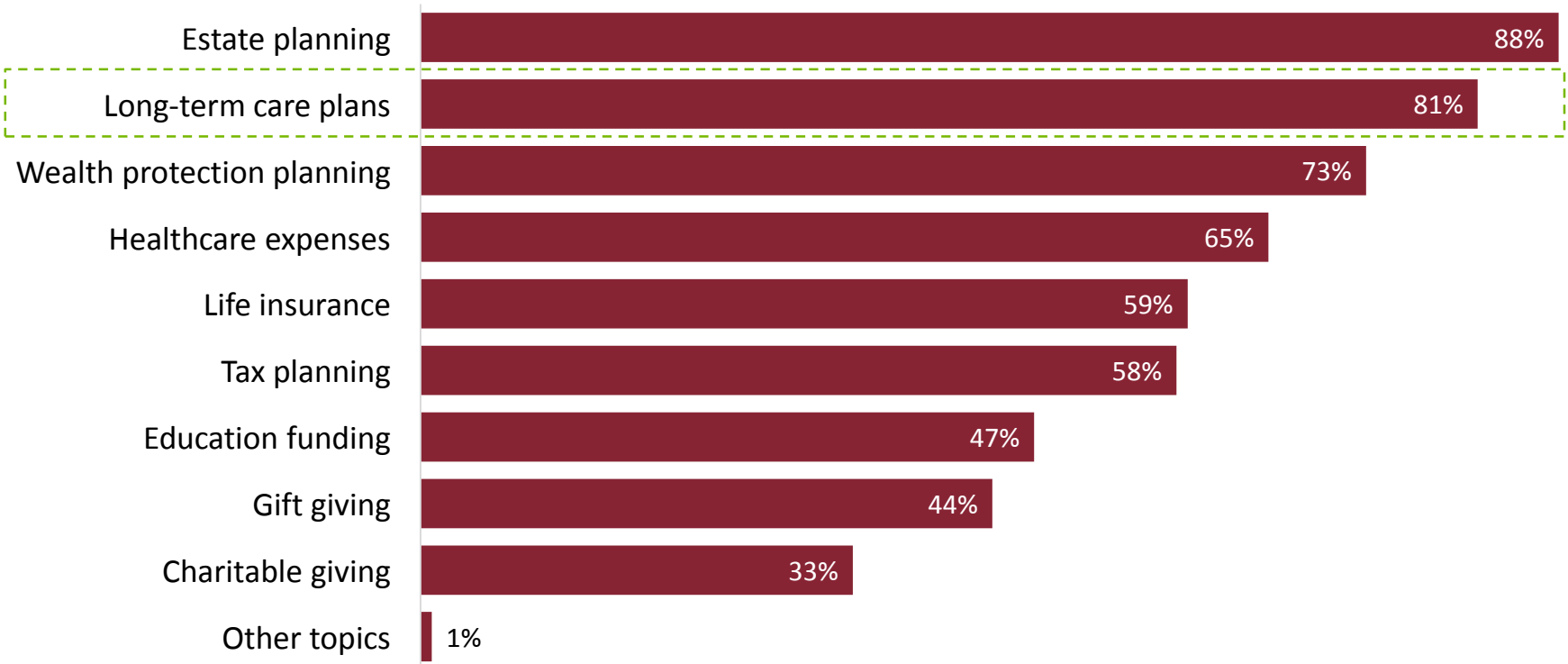


Q12. How often do you meet clients along with their children or extended family members? Q13. How valuable (would it be//is it) to meet clients along with children or extended family members? How much do you agree or disagree with each of the following statements? (500n)



# Most advisors see value in addressing long-term care specifically with children and extended family members.

Topics Advisors View as Valuable to Address with Children/Extended Family  
(multiple select)



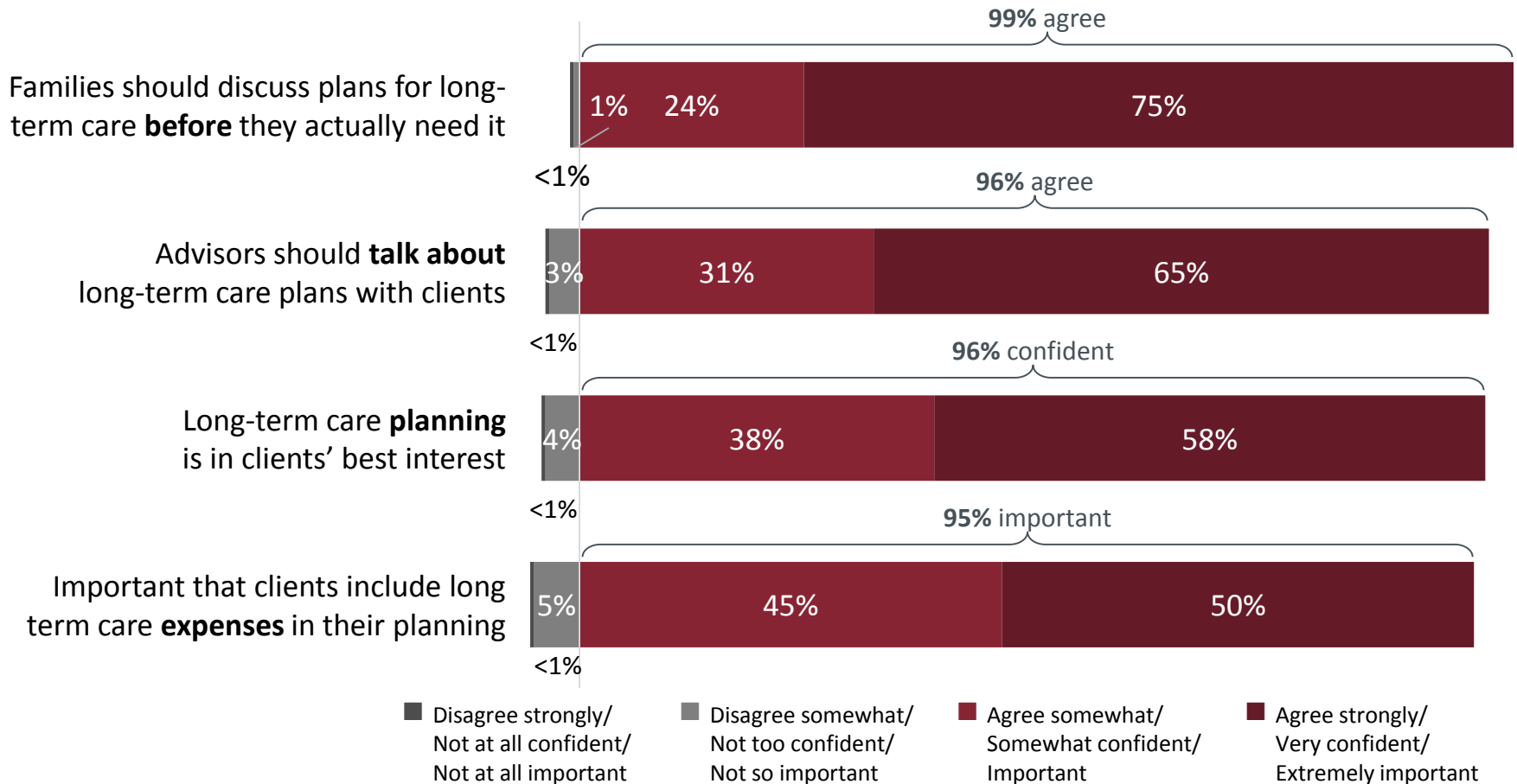
Q14. [IF NEVER OR RARELY MEET] If you were to meet clients along with their adult children or extended family members, which topics would be valuable to discuss? [IF SOMETIMES OR OFTEN MEET] When meeting clients along with their adult children or extended family members, which topics are valuable to discuss? [BASE: IF VALUABLE TO MEET CLIENTS ALONG WITH CHILDREN OR EXTENDED FAMILY] (466n)



# Long-Term Care Planning



# Nearly all advisors agree that long-term care planning is important for clients.

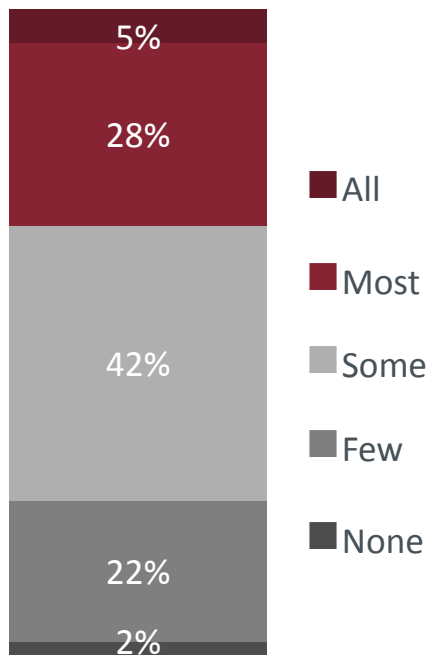


Q9d. How important do you think it is for clients to include these things in their retirement planning: Long-term care expenses in case they need it? Q33d. How much do you agree or disagree with each of the following statements: Financial advisors should talk about long-term care plans with their clients? Q41d. How confident are you that long-term care planning is in your clients' best interest? Q23b. How much do you agree or disagree with each of the following statements: Families should discuss plans for long-term care before they actually need it? (500n)

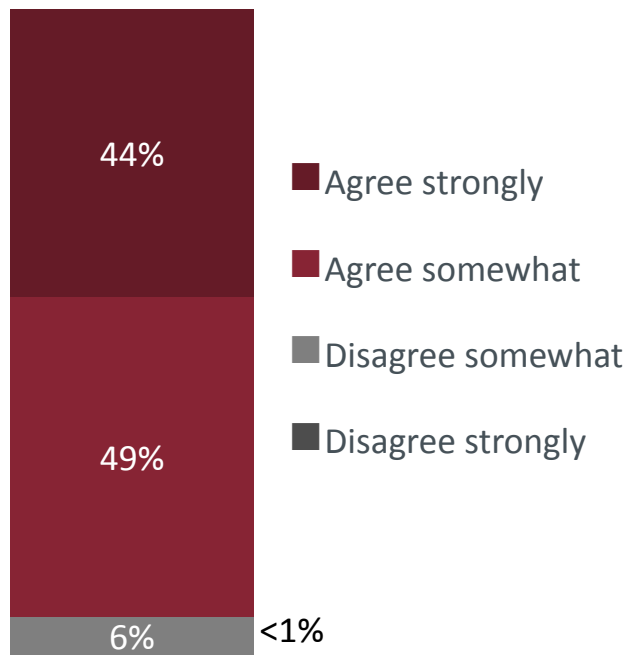


# Advisors say only some of their clients are thinking about long-term care expenses.

Clients Who Think About Long-Term Care Expenses



“People are not sufficiently planning for long-term care”



**92%**

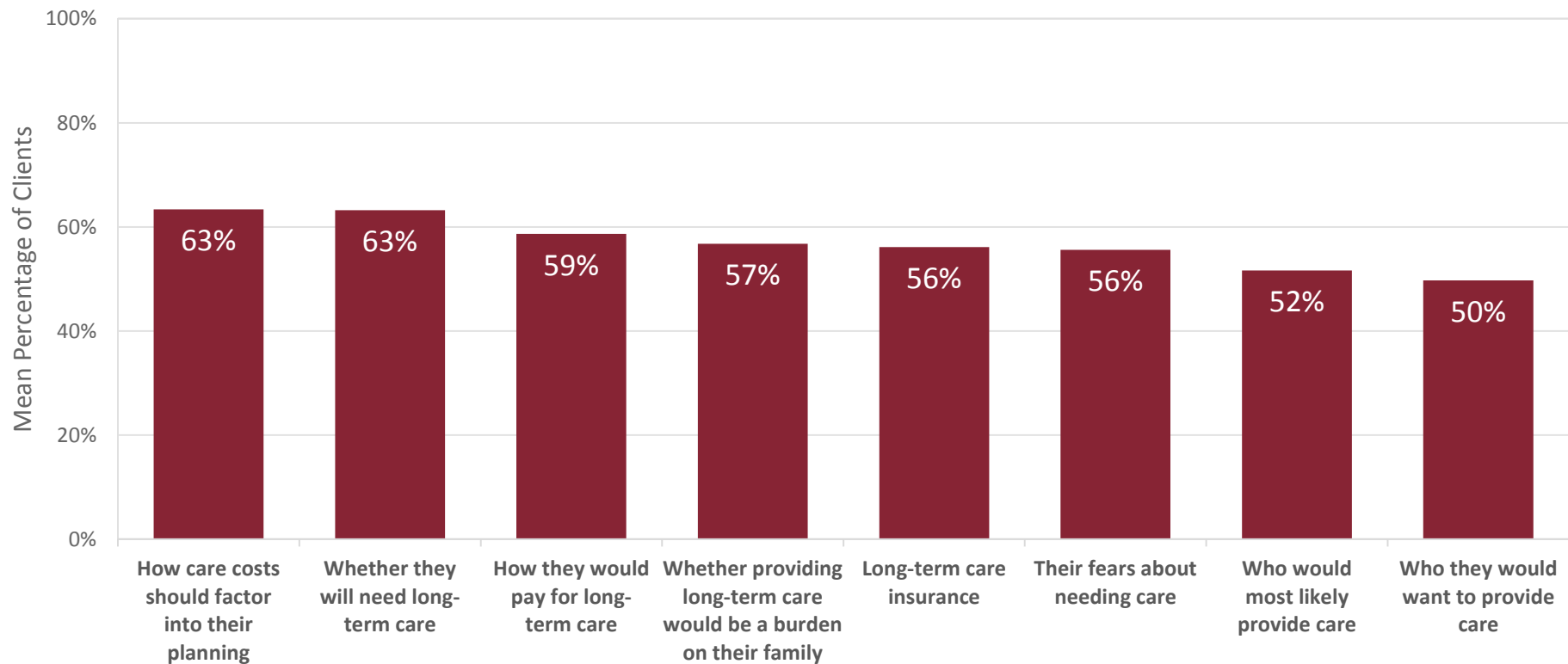
of advisors report having clients who have **needed long-term care**

Q8d. When you begin working with clients and talk about retirement planning, how many clients are specifically thinking about and planning for how much they will need to cover: Long-term care expenses in case they need it? Q22. How many of your clients have you witnessed experiencing a need for long-term care? Q23a. How much do you agree or disagree with each of the following statements: People are not sufficiently planning for long-term care? (500n)



# Advisors have talked with half to two-thirds of their clients about long-term care planning.

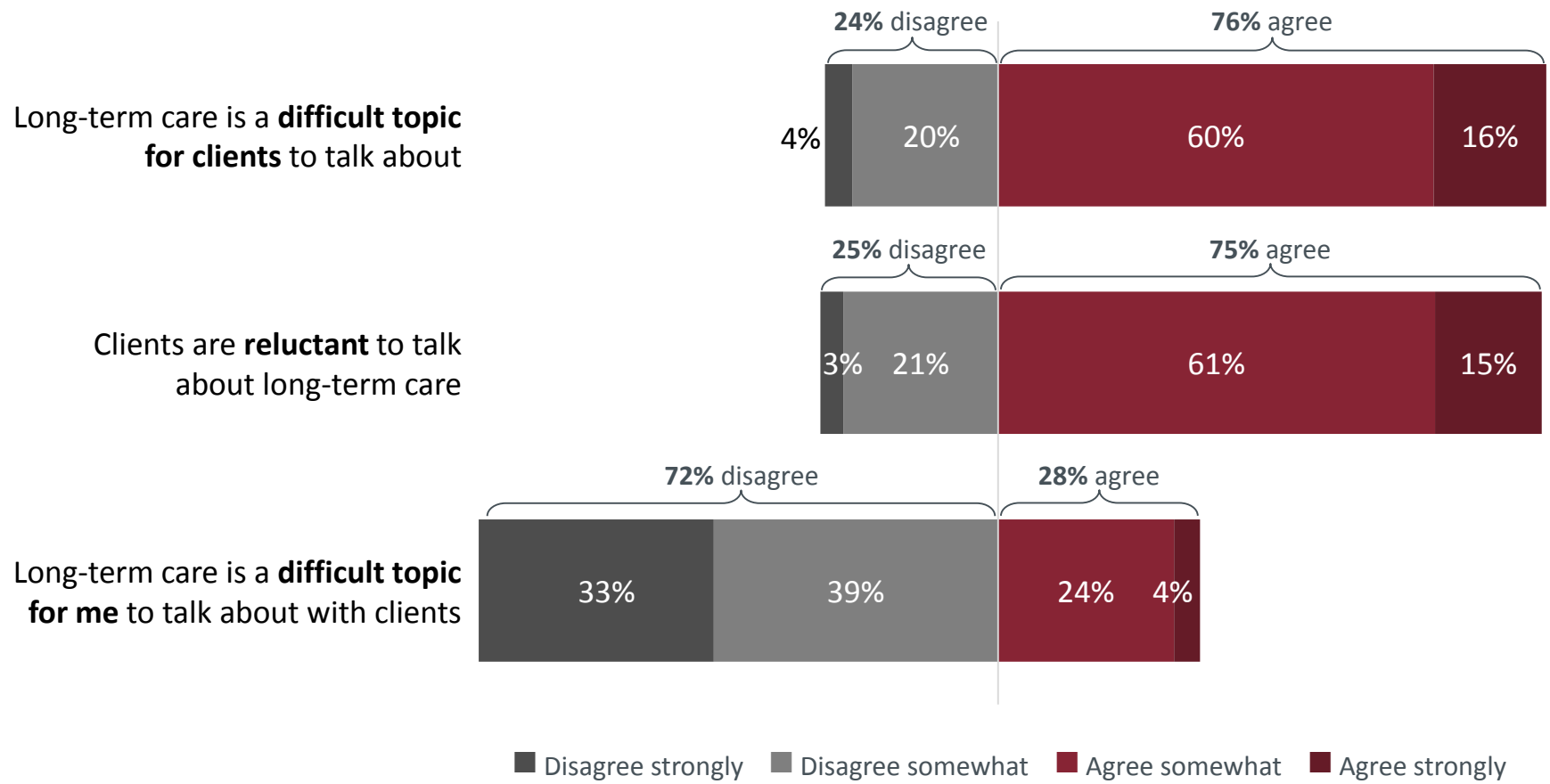
Percentage of Clients with Whom Advisors Have Discussed...



Q18. With what percentage of your clients have you specifically discussed: a. whether they will need long-term care sometime; b. how long-term care costs should factor into their planning; c. long-term care insurance? Q20. With what percentage of your clients have you specifically discussed: a. who will most likely provide long-term care if they need it; b. who they would want to provide long-term care if they need it; c. how they would pay for long-term care; d. their fears about needing long-term care; e. whether providing long-term care would be a burden on their family? (500n)



# Advisors agree that long-term care can be difficult for clients to discuss.



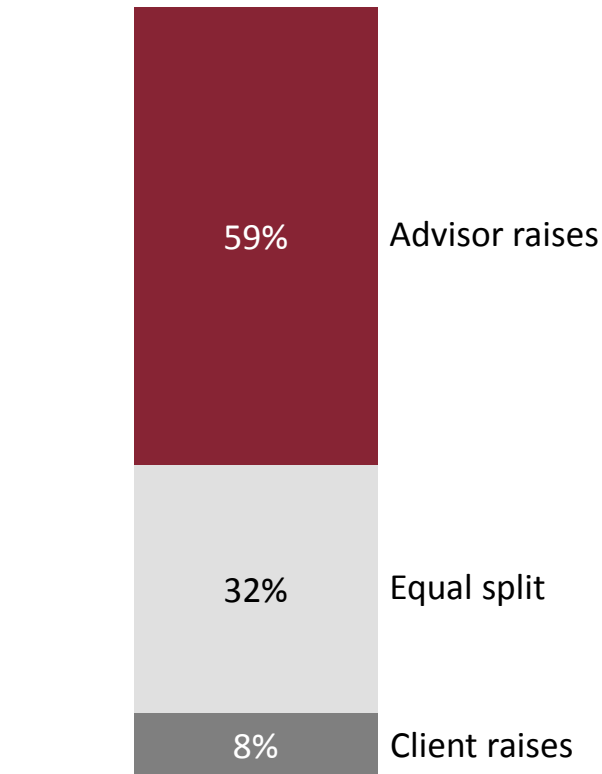
How much do you agree or disagree with each of the following statements? Q33a. Long-term care is a difficult topic for clients to talk about; b. Long-term care is a difficult topic for me to talk about with clients; c. Clients are reluctant to talk about long-term care. (500n)



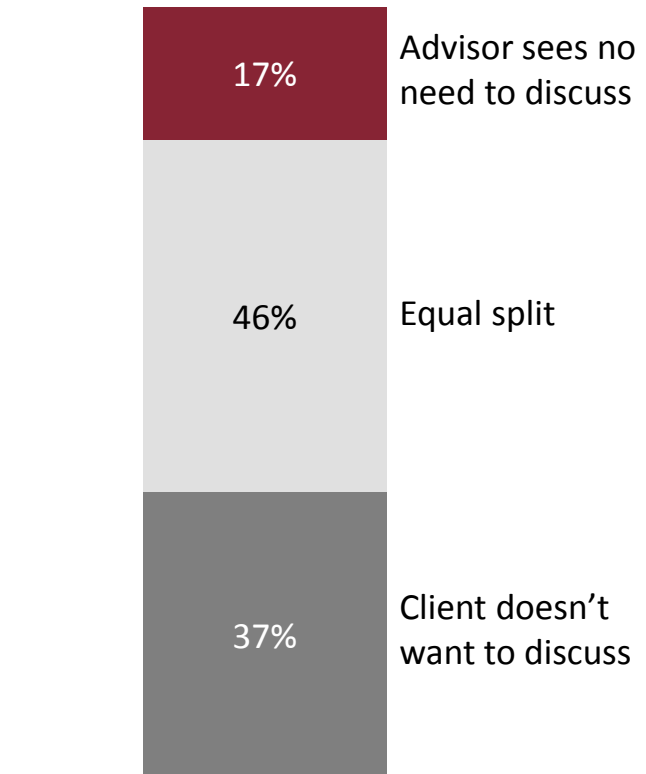


# Advisors say that typically they raise the topic of long-term care, and clients often prefer not to discuss it.

“Who usually raises the topic of long-term care, you or your clients?”



“For clients with whom you have not discussed long-term care, is it because...”

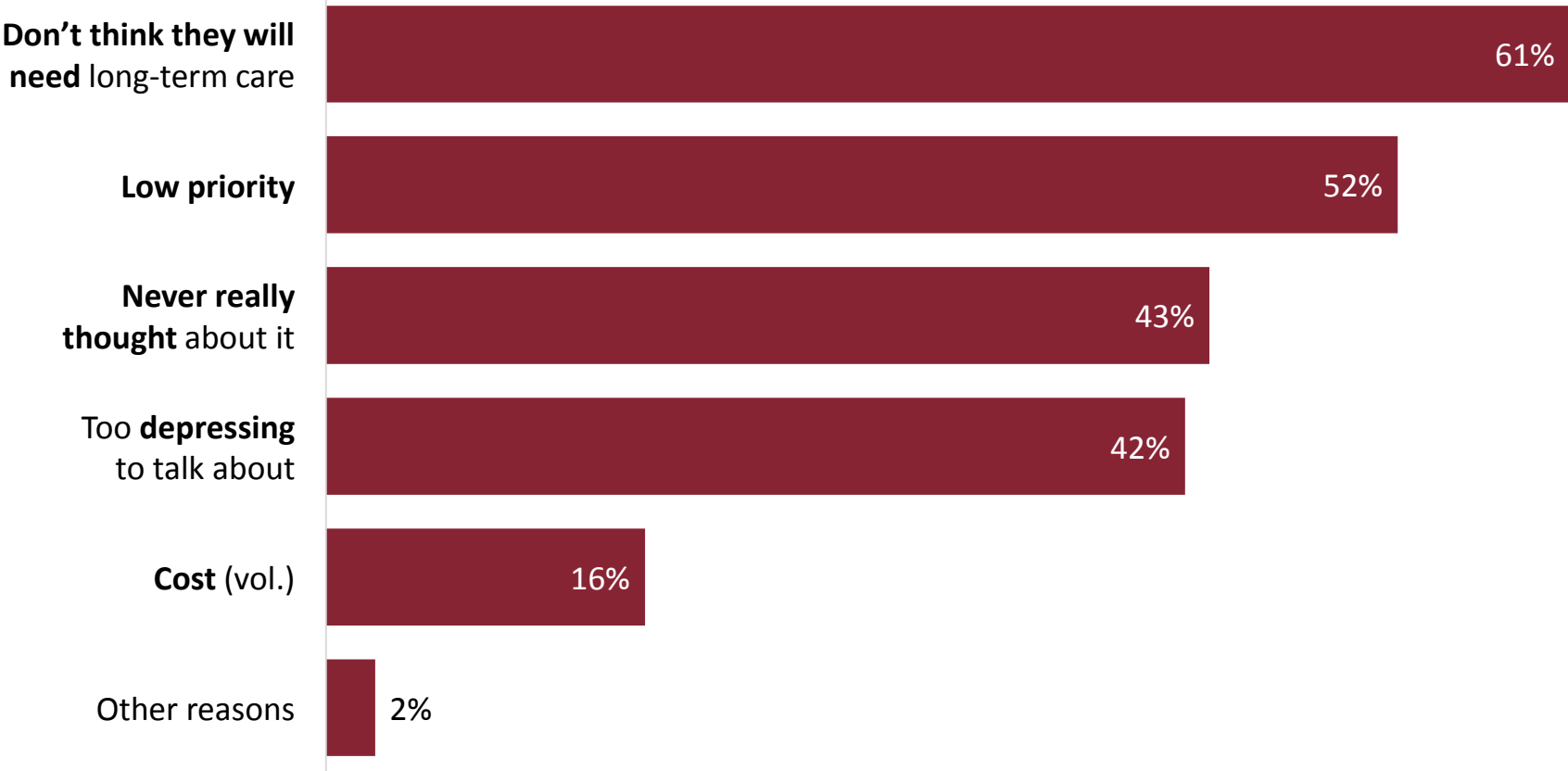


Q27. Who usually raises the topic of long-term care, you or your clients? Q28. For clients with whom you have not discussed long-term care, is it because: Usually I see no need to talk about it; Equal split—half the time they do not want to talk about it, and half the time I see no need; Usually they do not want to talk about it? (500n)



# The biggest reason for client reluctance is that clients don't think they will need long-term care.

Reasons Clients Do Not Want to Discuss Long-Term Care  
(multiple select)

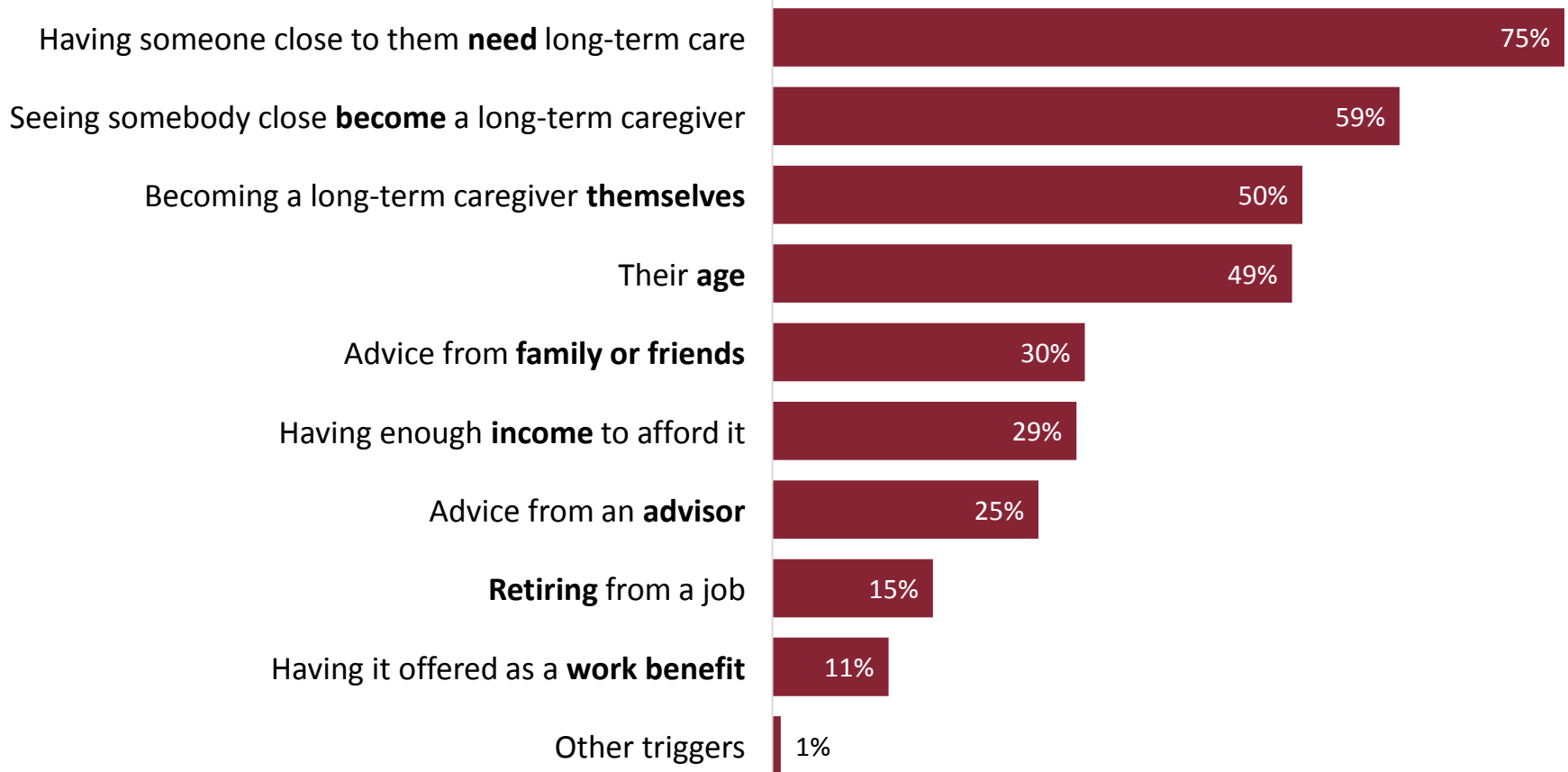


Q29. What are the biggest reasons clients may not want to talk about long-term care? (500n)



# Clients become more interested in long-term care planning when they have experience with it.

## Triggers of Clients' Willingness to Discuss Long-Term Care (multiple select)

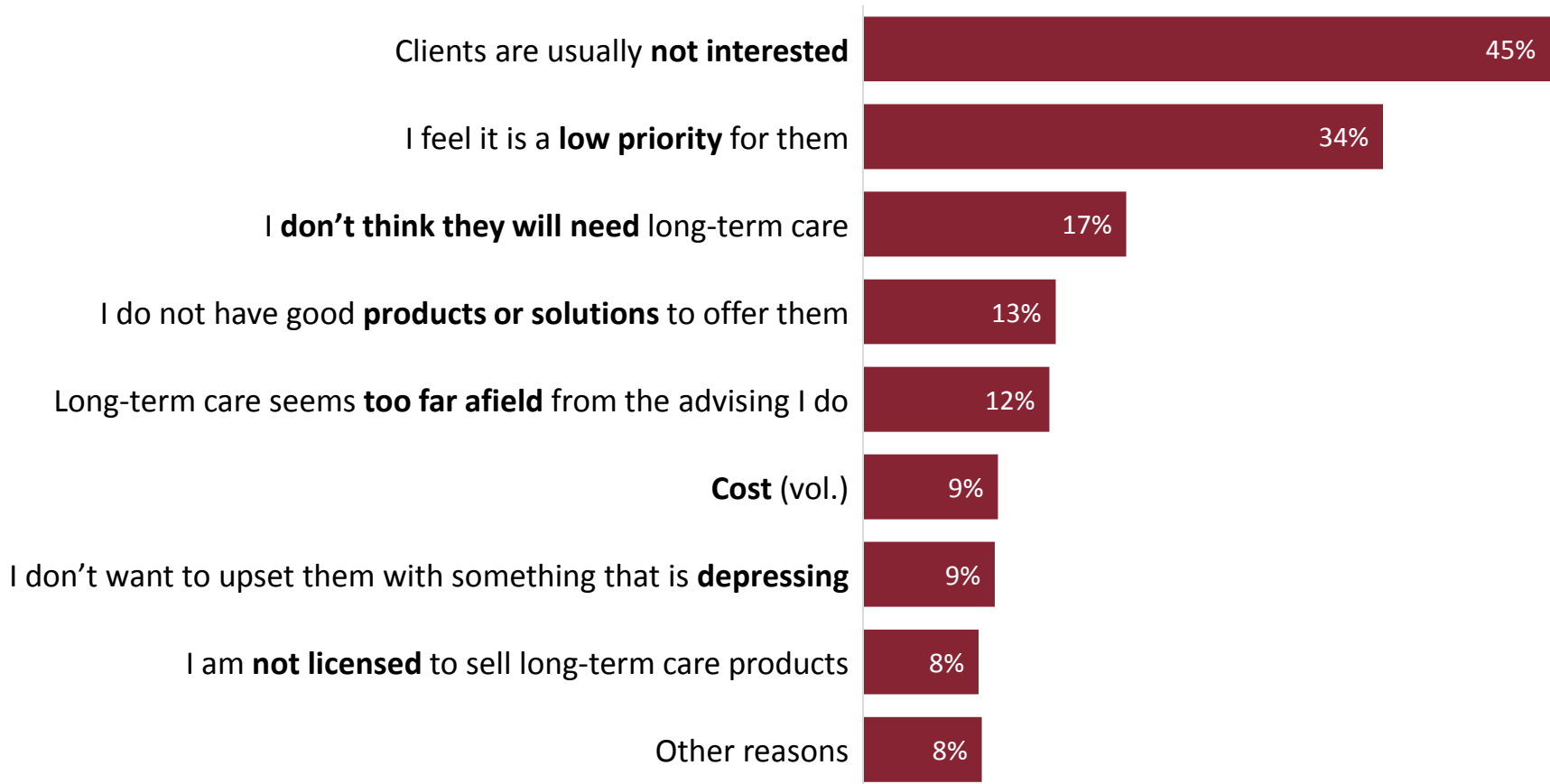


Q31. What are the biggest triggers of clients' willingness or desire to discuss long-term care? (500n)



# The top reason advisors may avoid talking about long-term care is that clients are not interested.

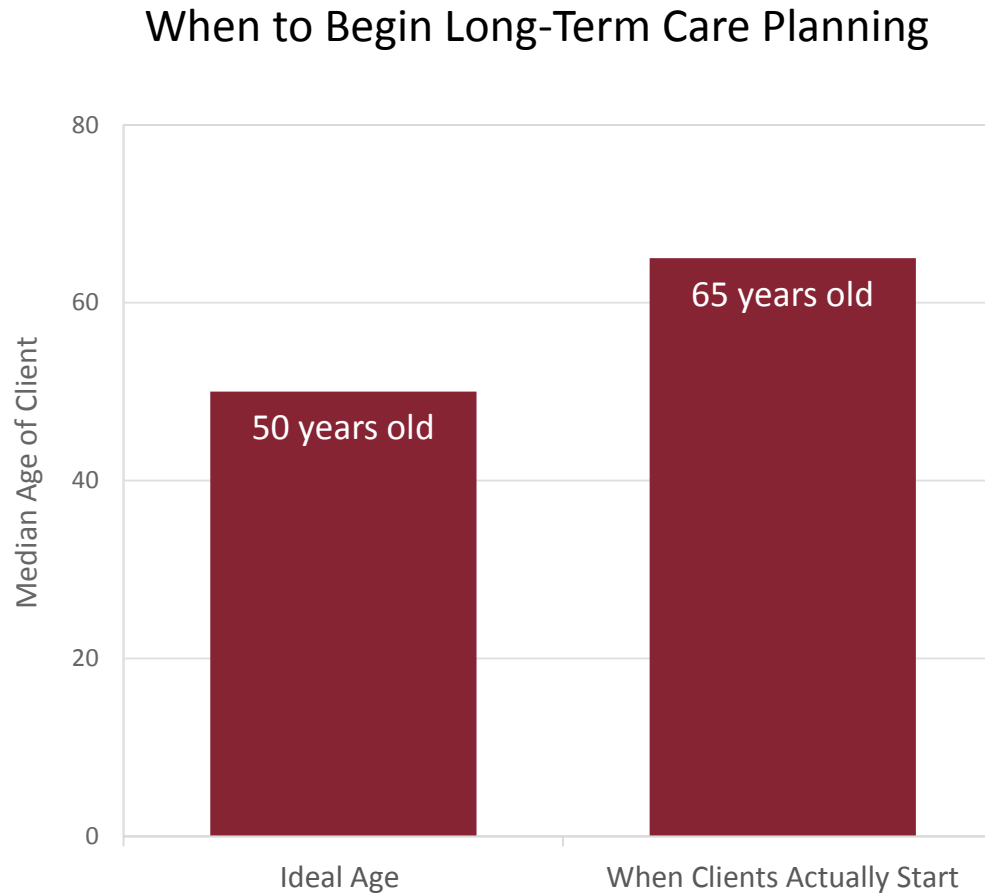
## Reasons Advisors May Avoid Talking about Long-Term Care (multiple select)



Q30. What are the biggest reasons you may not want to talk about long-term care? (500n)



Advisors believe age 50 is the ideal age to plan for long-term care, but clients typically wait until age 65.



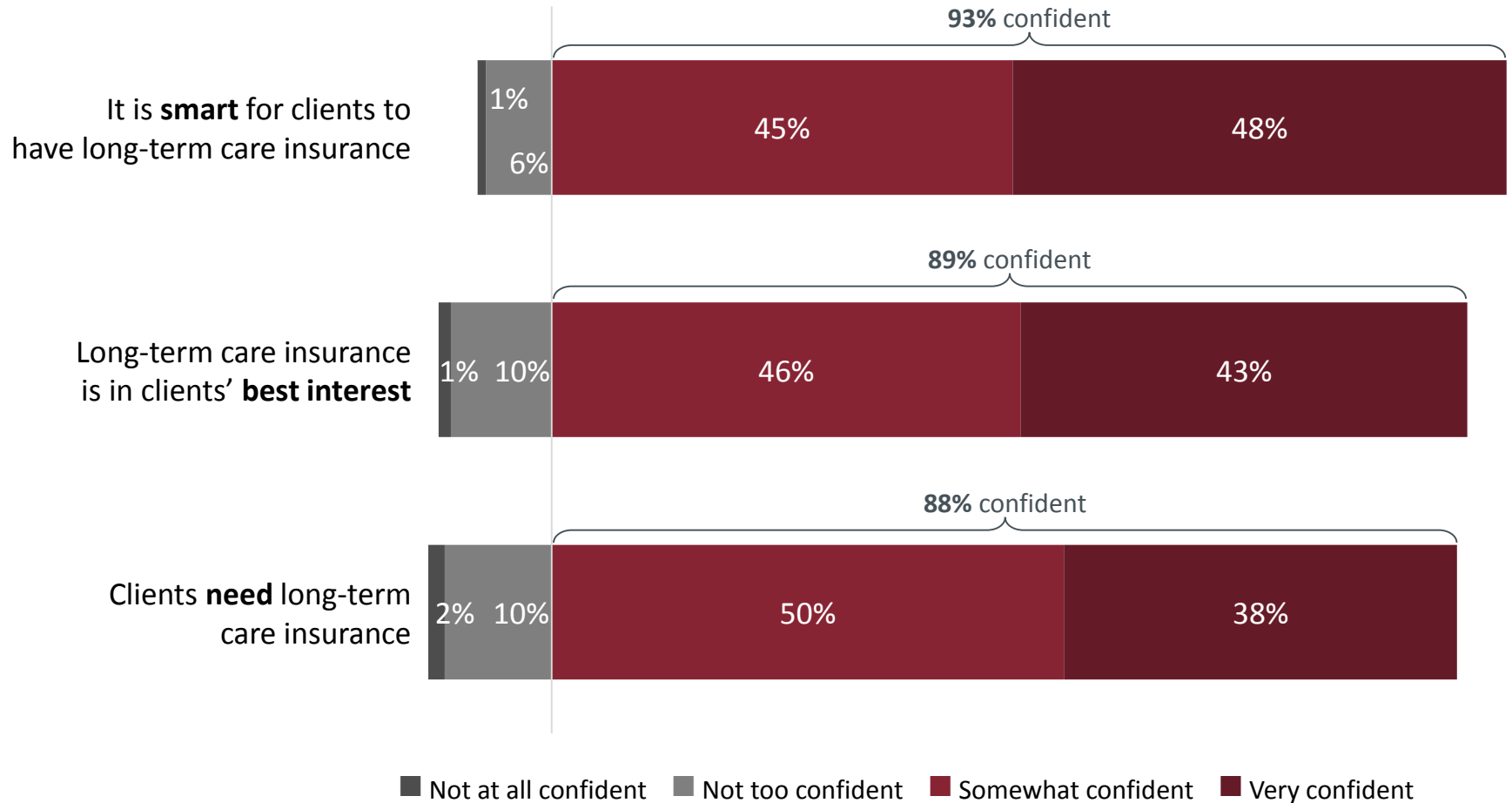
Q24. In terms of a client's age, when do you think it is ideal to talk about long-term care planning? Q25. At what age, on average, do clients actually talk with you about long-term care planning? (500n)



# Need for Long-Term Care Insurance



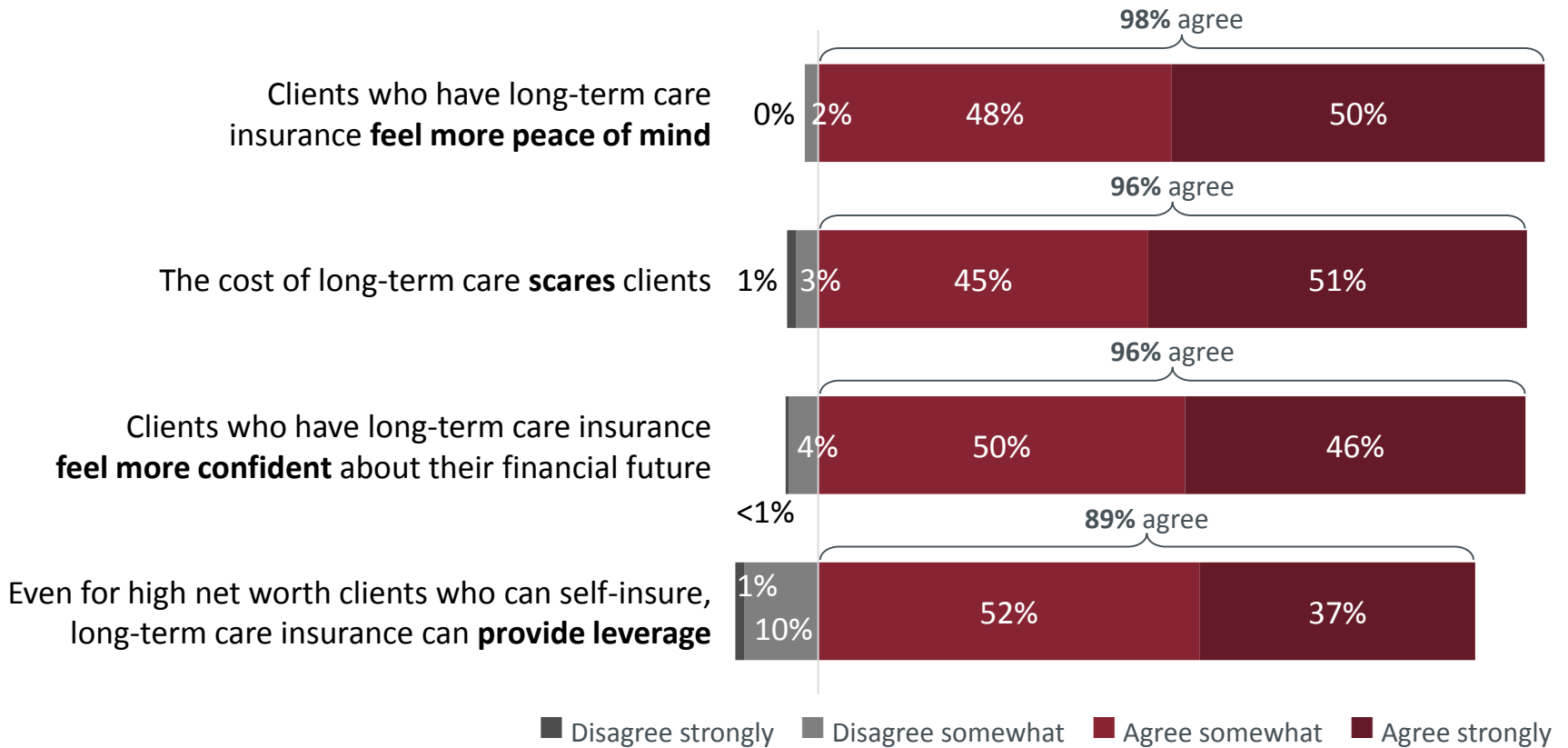
# Nearly all advisors feel confident about the value of long-term care products for their clients.



Q41. How confident are you that: e. Long-term care insurance is in your clients' best interest; f. Your clients need long-term care insurance; g. It is smart for your clients to have long-term care insurance? (500n)



# Advisors agree that long-term care insurance gives clients peace of mind and more confidence about the future.



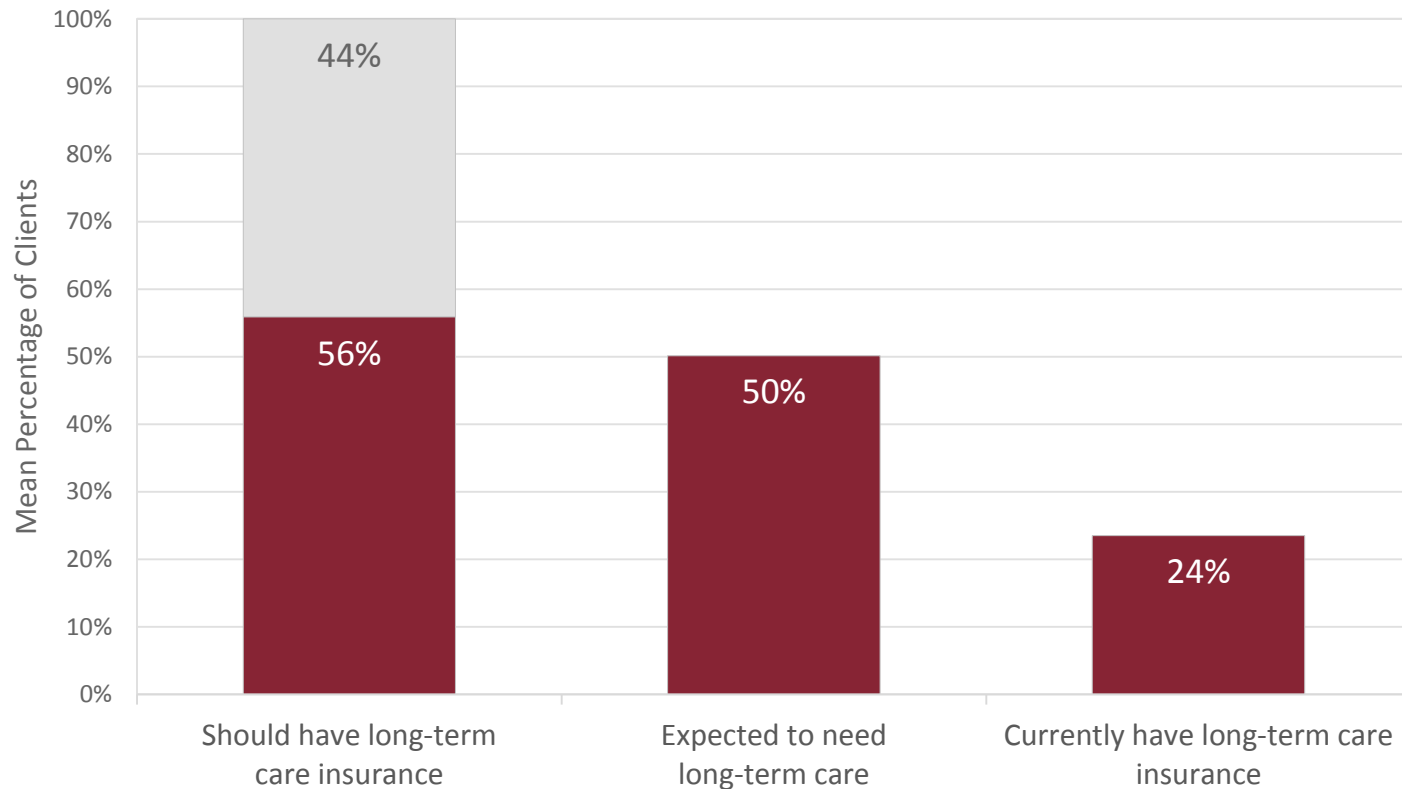
Q40. How much do you agree or disagree with each of the following statements: a. The cost of long-term care scares clients; b. My clients who have long-term care insurance feel more confident about their financial future. c. My clients who have long-term care insurance feel more peace of mind. d. Even for high net worth clients who can self-insure, long-term care insurance can provide leverage. (500n)





# Advisors say more than half their clients should have long-term care insurance. Far fewer currently have it.

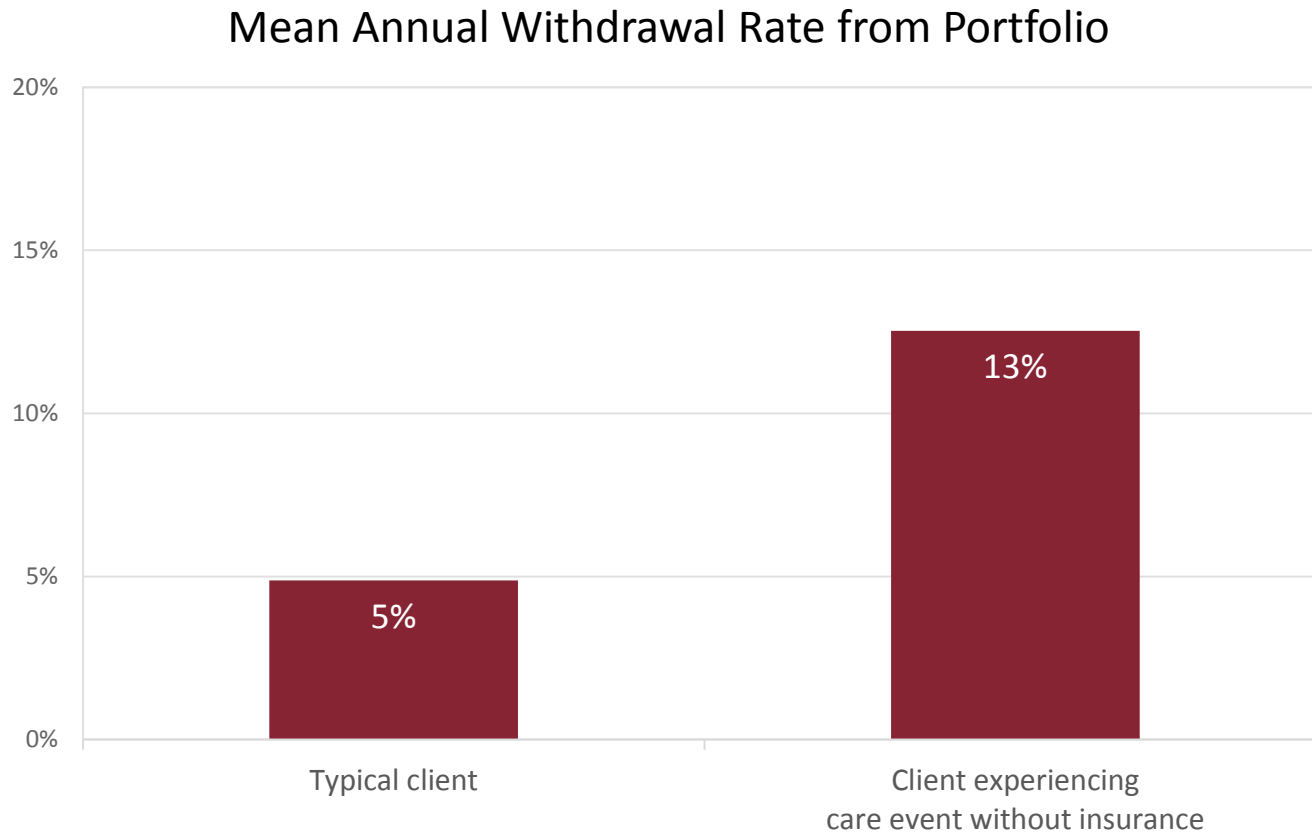
## Client Need for Long-Term Care Insurance



Q17. What percentage of your clients do you think: a. will need long-term care sometime; c. should have long-term care insurance? Q43. About what percentage of your clients currently have long-term care insurance? [BASED ON Q17C]



# Clients without insurance can spend their savings 2–3 times faster than expected if long-term care is needed.

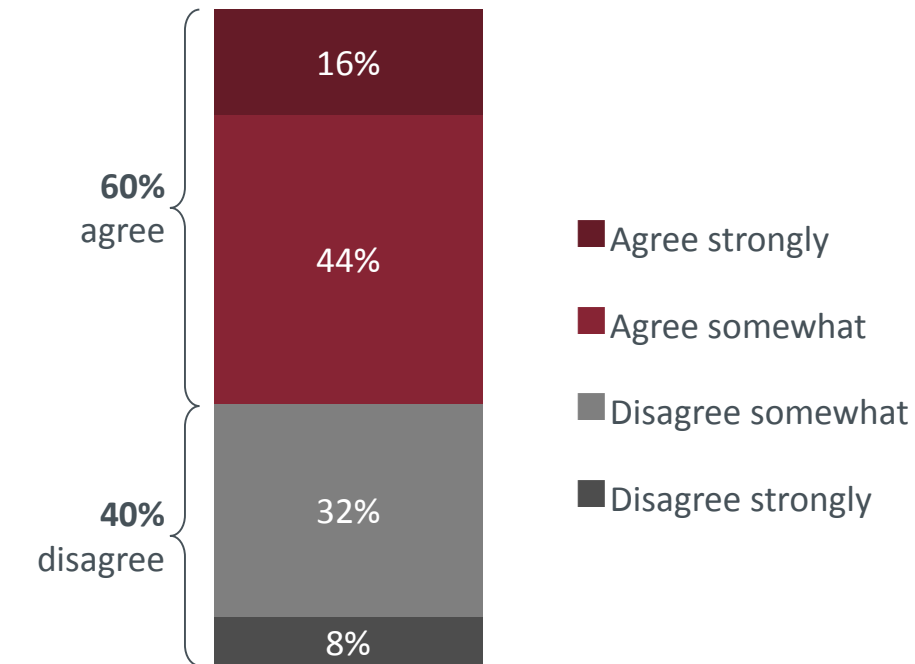


Q10. What is the average annual withdrawal percentage (%) for your typical client taking retirement income from their investment portfolio? (454n) Q44. [SKIP IF DON'T KNOW OR DO NOT USE THIS STRATEGY] Previously, you indicated that your typical client taking retirement income withdraws (INSERT RESPONSE FROM Q10) per year. If a client does NOT have a long-term care solution in place and experiences a long-term care event, what do you estimate that the new average annual withdrawal percentage from their portfolio will be? (424n)



# Three out of five advisors say that families are often devastated by the cost of long-term care.

“I often see families that are devastated by the costs of long-term care”



Q23c. How much do you agree or disagree with each of the following statements: I often see families that are devastated by the costs of long-term care ? (500n)



# APPENDIX



# Demographics of Consumer Sample

(1,012n) (weighted)

AGE	
Millennials (After 1980)	32%
Gen X (1965–1980)	27%
Boomers (1946–1964)	29%
Silent (1928–1945)	12%
GENDER	
Male	48%
Female	51%
Transgender	<1%
Do not identify as any of the above	<1%
SEXUAL ORIENTATION	
Heterosexual	94%
Bisexual	3%
Gay	2%
Lesbian	1%
MARITAL STATUS	
Married	54%
Never married	28%
Widowed	5%
Divorced	11%
Separated	1%

RACE/ETHNICITY	
White/Caucasian	65%
Hispanic	15%
Black/African American	12%
Asian or Pacific Islander	6%
Native American or Alaskan Native	1%
Mixed racial background	2%
Another racial or ethnic category	<1%
REGION	
Northeast	18%
Midwest	21%
South	37%
West	23%
CHILDREN (including adult children)	
Yes	61%
No	39%
EMPLOYMENT	
Employed	62%
Not employed	6%
Retired	25%
Student	2%
Stay-at-home spouse or partner	4%

HOUSING	
Own	68%
Rent	27%
Neither	5%
HOUSEHOLD INCOME	
Less than \$25,000	14%
\$25,000 to \$49,999	22%
\$50,000 to \$74,999	19%
\$75,000 to \$99,999	14%
\$100,000 to \$149,999	17%
\$150,000 to \$199,999	7%
\$200,000 or more	7%
INVESTABLE ASSETS	
Less than \$25,000	24%
\$25,000 to less than \$50,000	17%
\$50,000 to less than \$100,000	15%
\$100,000 to less than \$250,000	14%
\$250,000 to less than \$500,000	11%
\$500,000 to less than \$1 million	10%
\$1 million to less than \$2 million	5%
\$2 million or more	4%



# Profile of Advisor Sample

(500n)

BUSINESS MIX	
Investment-focused	59%
Balanced	28%
Insurance-focused	13%
COMPENSATION MODEL	
Asset management fees	50%
Commissions (insurance & brokerage)	45%
Planning fees	5%
NUMBER OF CLIENTS	
<100	23%
100–250	36%
251–500	27%
501–750	9%
751–1,000	3%
More than 1,000	3%
AUM	
Less than \$1M	1%
\$1M to <\$5M	5%
\$5M to <\$25M	18%
\$25M to <\$50M	21%
\$50M to <\$100M	21%
\$100M to <\$250M	20%
\$250M to <\$500M	8%
\$500M to <\$1b	3%
\$1b or more	2%

PRACTICE STYLE	
Sole practitioner with staff	39%
Team-based practice (3+ members)	34%
Sole practitioner with no staff	27%
CHANNEL	
Independent BD	45%
Wirehouse	13%
Regional BD	12%
Insurance BD	8%
Bank	6%
Insurance Carrier	6%
MGA/BGA	1%
RIA (vol.)	8%
Other	1%
GENDER	
Male	81%
Female	19%
AGE	
25–34	7%
35–44	19%
45–54	26%
55–64	32%
65–74	14%
75+	2%





LincolnFinancial.com

### **About Lincoln Financial Group**

Lincoln Financial Group provides advice and solutions that help empower people to take charge of their financial lives with confidence and optimism. Today, more than 17 million customers trust our retirement, insurance and wealth protection expertise to help address their lifestyle, savings and income goals, as well as to guard against long-term care expenses. Headquartered in Radnor, Pennsylvania, Lincoln Financial Group is the marketing name for Lincoln National Corporation (NYSE:LNC) and its affiliates. The company had \$253 billion in assets under management as of December 31, 2017. Lincoln Financial Group is a committed corporate citizen and was named one of the Forbes Best Employers for 2017, is a member of the Dow Jones Sustainability Index North America, and received a perfect score of 100 percent on the 2018 Corporate Equality Index. Learn more at: [www.LincolnFinancial.com](http://www.LincolnFinancial.com). Follow us on [Facebook](#), [Twitter](#), [LinkedIn](#), and [Instagram](#). Sign up for email alerts at <http://newsroom.lfg.com>.

### **About Versta Research**

Versta Research is a full-service market research firm, headquartered in Chicago, IL, specializing in customized strategic market research and public opinion polling. Learn more at: [www.VerstaResearch.com](http://www.VerstaResearch.com).