

Financial Wellness Programs Can Benefit From A Group Long-Term Care Option

Addressing the issue of 'retirement readiness'

 By Steve Cain

The concept of "financial wellness" is quickly catching on in the employee benefits marketplace. A recent [survey](#) by Aon indicates that 93% of employers are very likely or moderately likely to create or expand their focus on financial wellness as employees look for guidance and programs that support their long-term financial health.

The need for financial education and assistance is real. According to a [report](#) by the Consumer Financial Protection Bureau, 7 out of 10 American workers say financial worries are their most common cause of stress, and 39 percent reported spending at least three hours each week either thinking about or dealing with financial problems at work. Almost half of those surveyed said they want help achieving financial security.

Employers and sources such as the Consumer Financial Protection Bureau report that

financial wellness programs are having a beneficial effect for employees and employers alike, as a financially capable workforce is more satisfied, engaged, and productive for their employers.

Recognizing these facts, and that financial needs and interests of employees vary significantly at different ages and stages of life, many employers are now integrating financial wellness programs to complement their benefit plan offerings. These programs educate and empower employees in the areas of budgeting, planning, and saving. The goal is to reduce employee stress, improve health and encourage better plan decisions that align with needs, priorities and finances.

While the merits of financial wellness programs are catching on, the process of aligning the corresponding employee benefit program options with these programs still needs to evolve to adequately address the

sources of financial stress and concern. For Gen-Xers and Baby Boomers, "retirement readiness" is a pressing concern, and includes addressing retirement income, healthcare, and various related expenses.

Moreover, studies have shown that more than 70 percent of people over 65 will require some kind of long-term care support in their lifetime. With the average cost of a moderate home care claim at \$50,000 and the average cost of a nursing home claim at \$90,000, it is clear that a health situation requiring long-term care can have a significant impact on their financial health and retirement plans, and these expenses are not included in most "retiree healthcare" projections.

For many, LTC planning and insurance options are inadvertently left out of the discussion because of the complexities associated with the products, a lack of comfort discussing the topic,

the perceptions of limited choices, and the belief that many employees can't afford it. However, LTC insurance can play a critical role in providing 401(k) insurance for those who see its value and therefore it should not be overlooked.

Offering group LTC insurance planning options in the workplace can benefit everyone involved. For brokers, it facilitates discussions around retirement readiness and overall financial wellness as well as providing a vehicle for needed protection for employee retirement accounts. Additionally, robust sales, implementation, enrollment and policyholder support are available for LTC insurance.

For employers, LTC insurance addresses the needs of an aging workforce, while helping employees protect their assets and way of life in retirement. It will also help retain a quality workforce and contribute to a reduction in the instances of employee presenteeism (working when ill) and absenteeism to care for a spouse or other covered family member. Moreover, an employer can include the LTC benefit without the need for significant administrative support.

Finally, for the employee, LTC insurance will help protect their 401(k) and pre- and post-retirement lifestyle. It will also enable them to be involved in care giving without having to leave work to be a primary caregiver. There is simplified underwriting for LTC insurance, as well as discounted

rates, and plans are fully portable. Pricing is also gender neutral, which is a particularly favorable advantage for the female population (35-40% less) over obtaining a policy on their own.

Adding an LTC benefit is a discussion that brokers and consultants should have with employers outside of open enrollment periods. Brokers can add value by segmenting employees and making sure the right benefits are available for each. Millennials, for example, may be more interested in pet insurance than someone in their 50s, who may prioritize protecting their retirement funds. However, LTC insurance is a benefit that will likely be most valued by an employer's most tenured and highest paid employees. Moreover, because people who buy LTC insurance are methodical planners, they are often the most productive employees in the organization.

In summary, LTC insurance can play a role in most companies' financial wellness program by meeting the following key objectives:

- Help protect a retirement plan—well-informed employees understand the dangers that an extended healthcare event can present to their financial portfolios.
- Give employees and their families a choice about care—Medicare was not designed to cover LTC costs—coverage is limited and conditional. Medicaid is

a means tested government assistance program.

- Ease the burden on family members—LTC insurance lets family members be involved in the caregiving process without being the primary provider.

While it is clear that LTC insurance can play an important role in a financial wellness program, brokers and HR professionals should remember that they don't need to go it alone when considering the options and explaining them to employers and employees. Seek help from specialized LTC advisors for ideas and trends in best practices to ensure the support of each employer's unique needs.

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