



Beyond Dollars

The True Impact of Long Term Care

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Panelists

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Agenda: 2010 Cost of Care Overview

Beyond Dollars

- Circle of Care
- Care Recipient Perspective
- Impact on Primary Caregivers
- Impact on Secondary Caregivers
- Comparison: Primary and Secondary Caregivers' Experience
- Impact on Family

Mitigating the Impact



Research Background

Genworth 2010 Cost of Care Survey, April 2010

- Seventh year
- Nearly 13,000 long term care providers
- 436 regions nationwide
- Full report, comprehensive Web tools, PR launch



Key Findings: Home and Community

Homemaker Services

- Median Hourly Rate \$18
- Median Annual Rate \$41,184

Home Health Aide Services *(non-Medicare Certified, Licensed)*

- Median Hourly Rate \$19
- Median Annual Rate \$43,472

Adult Day Health Care

- Median Daily Rate \$60
- Median Annual Rate \$15,600



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Key Findings: Facilities

Assisted Living Facility (private one-bedroom)

- Median Monthly Rate \$3,185
- Median Annual Rate \$38,220

Private Nursing Home Room (semi-private room)

- Median Daily Rate \$185
- Median Annual Rate \$67,525

Private Nursing Home Room (single occupancy)

- Median Daily Rate \$206
- Median Annual Rate \$75,190



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Research Background

Beyond Dollars: The True Impact of Long Term Caring

- Broader scope, beyond home, community and facility costs
- Holistic assessment of the impact of a long term care event on the recipient and the family
- Bring long term care issues to life with data and testimonials
- Assess impact on income and financials, jobs and careers, relationships with spouse and children



Methodology

Target Audience

Consumers with intimate involvement in a LTC event of 30+ days: LTC recipients, primary caregivers, and secondary caregivers (knowledgeable family members)

Screening Criteria

Ages 25+

LTC event for self or family member in past 12 months

Completed Surveys

818

Survey Methodology

Online survey

Confidence Interval

+/-5% at 95% level

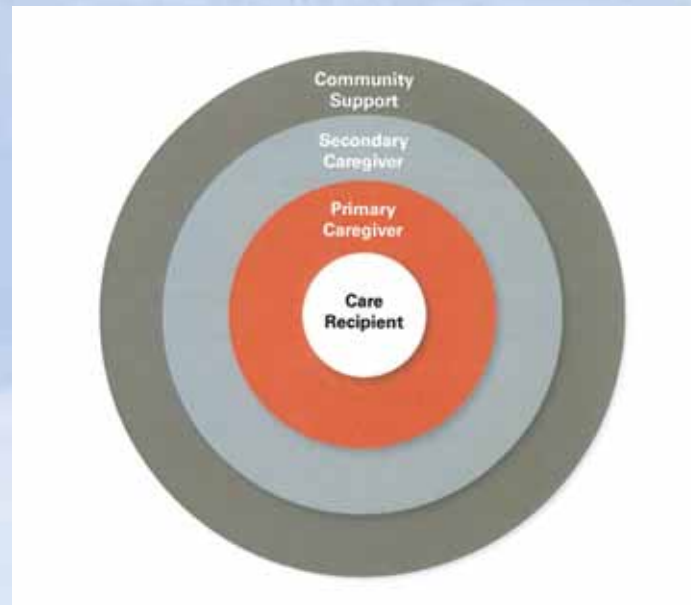
Note: Sample population falls within national demographics profiles



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Circle of Care



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About Care Recipients

- 34% are mothers receiving care from their children
- 12% are fathers receiving care from their children
- 9% are spouses receiving care from their spouse

Care needed due to:

- A specific illness: 45%
- Age-related frailty: 42%
- Cognitive impairment: 23%
- Rehabilitation from an accident: 13%



Care Arrangements

- 49% of care recipients had not considered the possibility of needing long term care
- 29% of care recipients required care for 3 years or more
- 37% of care recipients were moved into a family member's home for a period of time



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Financial Impact

- 88% said their household income was reduced by an average 34% due to their long term care event
- 60% reported a need to cut back on family expenses after a long term care event
- 63% reduced their savings by an average 61%



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Out-of-Pocket Expenses

- **\$14,000:** Average amount care recipients spend out-of-pocket for their own care (excludes cost of facility care)
- **\$8,000:** Average amount family members spent for out-of-pocket expenses (excludes cost of facility care)



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Emotional Impact

- 42% felt stress with their spouse
- 35% reported stress with their children

"It's just hard between us. My wife still has to work to keep up insurance. We thought this would be a time in our lives that we could sit back and travel, spend more time with the grandkids, but it's not to be."

"My husband had to take time off from his job to help me, more than we expected. And he was frustrated that I had so much pain and felt like he wasn't helping me enough. I hated asking for so much assistance."

"My wife had to be available 24/7. She also became my chauffeur and needed to help me shower and dress—to help me move at all really. It impacted her freedom and her lifestyle."



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About Primary Caregivers

- 53: Average age
- 42% care for a mother
- 14% care for a father
- 13% care for a spouse

"In theory, I believed I could take care of my Mom, keep up with her home, and take care of my family, my kids and myself. In reality, I'm running Mom to her doctor appointments and my kids to school and sporting events or sleepovers. I am constantly torn, feeling guilty that I'm not doing enough for anyone, including taking care of myself these days."



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Caregiving Duration

- 32%: Less than 1 year
- 26%: 1-2 years
- 18%: 3-7 years
- 24%: 8+ years
- 42% reported that the care recipient resided in their home for a period of 3 years or more



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Financial Impact on Primary Caregivers

- 83% contributed financially, an average \$8,800 for out-of-pocket care expenses (excludes cost of care facility care)
- 57% had to dip into their own retirement funds and/or savings
- 29% borrowed money, took out a reverse mortgage and/or sold their home
- 63% reported lost income—an average of 23% of household income
- 61% reduced their savings by an average of 63%
- 45% cut back on their own family expenses
- 40% reduced family vacations



Savings and Retirement Impact

On average, among those reporting a reduction in their savings plans...

- Contributions to savings accounts were reduced by 73%
- 401(k) contributions were reduced by 65%
- Retirement contributions were reduced by 80%

"It is difficult to explain the money I lost due to the fact that I was employed as an airline pilot. I had to call in sick, drop trips and adjust my schedule to be at home with my father. Eventually, I retired early so I could be at home with him full time to provide for his care. When I was no longer physically or mentally able to provide care for him, I had to move him into a long term care facility."



Career Impact

- 44% had to work fewer hours
- 48% lost a job, changed shifts and/or missed career opportunities
- 38% incurred repeated absences from work
- 17% found themselves repeatedly late for work



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Family and Relationships Impact

- 44% experienced an increase in stress with their spouse
- 27% reported stress with siblings
- 23% experienced an increase in stress with their children
- 20% reported reduced time with children
- Reduced savings for college by 58%

"Since my mom lives with us, we now have someone else in the house, plus caregivers 12 hours a day. For the first 38 years of our marriage, it was just my husband and I... This has required a change for both of us."



Family and Relationships Impact

"Caring for my mother has left me with much less time to spend with my son. With three generations living together, there's a whole new set of rules to live by and a new set of frustrations for everyone."

"If my sister could take Mom in for just one month, perhaps she would be more understanding of the day-to-day responsibility. I want to take care of her and I wouldn't have it any other way. But sometimes I just get burned out and feel spread too thin. I wish my sister could simply give me a little relief from time to time, just for me to take a breather."

"Anger at my brother and sister for not helping more with our dad... Stress with my wife over how much of 'our time' this was taking up."



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Financial Impact on Secondary Caregivers

- 36% of secondary caregivers contributed financially—an average \$2,600 for out-of-pocket care expenses (excludes cost of facility care)
- 42% dipped into their own retirement funds and/or savings
- 15% borrowed money or sold their home
- 33% lost up to 20% of their household income
- 19% reduced vacation spending
- 19% cut back on their own family expenses

"I will have to work more hours to put more funds into my 401(k)...I will have to retire at a later date than expected...I will have to work additional hours to put more money into my personal savings."



Savings and Retirement Impact

On average, among those reporting a reduction in their savings plans...

- Contributions to savings accounts were reduced by 40%
- 401(k) contributions were reduced by 22%
- Retirement contributions were reduced by 55%
- Family vacation savings were reduced by 71%
- Savings for college education were reduced by 76%



Career Impact

One-fifth of those secondary caregivers surveyed reported direct negative consequences to their careers resulting from their responsibilities for a care recipient, and of these...

- 29% had to work fewer hours
- 42% lost a job, changed shifts and/or missed career opportunities
- 33% lost vacation/sick time
- 33% incurred repeated absences from work

"My mom would call my boss every half-hour looking for me...He was understanding for a short time. This also put a strain on me physically and emotionally."



Family and Relationships Impact

- 33% experienced an increase in stress with their spouse
- 18% reported stress with siblings
- 13% experienced an increase in stress with their children
- 12% reported reduced time with children

"The family has to sacrifice so that I have time, energy, and resources to care for my brother."



Assistance Provided

	Care	Financial Assistance
For an immediate family member	87%	77%
For a step-family member/in-law	74%	71%
For an extended family member	74%	71%



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Where the Money Comes From

	Immediate Family	Step/In-law	Extended Family
Dipping into savings/retirement plans	55%	57%	50%
Selling other possessions	13%	12%	13%
Selling a home	11%	17%	18%
Borrowing money from a friend/family member	12%	6%	13%
Taking out a loan	6%	3%	6%
Acquiring a reverse mortgage on a home	2%	3%	4%



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Top 7 Stress Points on Marriages

As a result of caring for a family member

- 40%: Tension/stress/frustration
- 12%: Less time for spouse
- 12%: Caring took up too much time to be and do anything together
- 11%: Conflicts/arguments/communication breakdowns
- 11%: Less time for family
- 8%: Money issues
- 8%: Not home enough



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Top 7 Stress Points on Marriages

"I spent so much time doing it, my husband started to act neglected. I mean, he didn't technically resent it, and he wanted me to do it. But it took me away from him for weeks at a time, and when I came home, I was tired and crabby...He understood, but even though you can understand something in your head doesn't mean you like it in your heart. Although he never exactly said it, I feel like he felt a bit neglected."

"My wife did not bargain for such a long stay and is angry at biological family members for not stepping up to offer aid."



Family Stress and Pressure

As a result of caring for a family member

	Immediate Family	Step/In-law	Extended Family
Experienced an increase in stress with spouse	40%	63%	30%
Cut back on family expenses	43%	35%	32%
Reported more stress with siblings	29%	16%	19%
Had an increase in stress with their children	22%	23%	14%
Reported reduced time with children	17%	20%	25%
Ability to save for children's education hindered	10%	9%	8%
Ability to save for retirement was diminished	27%	24%	13%



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Family Stress and Pressure

"My children would take up for their grandma and make a lot of excuses for her bad behavior... They certainly wouldn't take her into their homes and certainly wouldn't contribute to any expenses she might have... Getting them to transport her to a doctor's appointment wasn't happening either... They certainly criticized how she was being cared for, but NEVER wanted to be involved in helping with the situation."

"It's a struggle for the whole family, as we are losing a big chunk of all our incomes to see that my father is taken care of."

"I have less time to spend with my husband and kids. I have less time to spend with friends. I miss being home at night because I'm having to stay day and night with my parents. It wears me out physically and mentally."



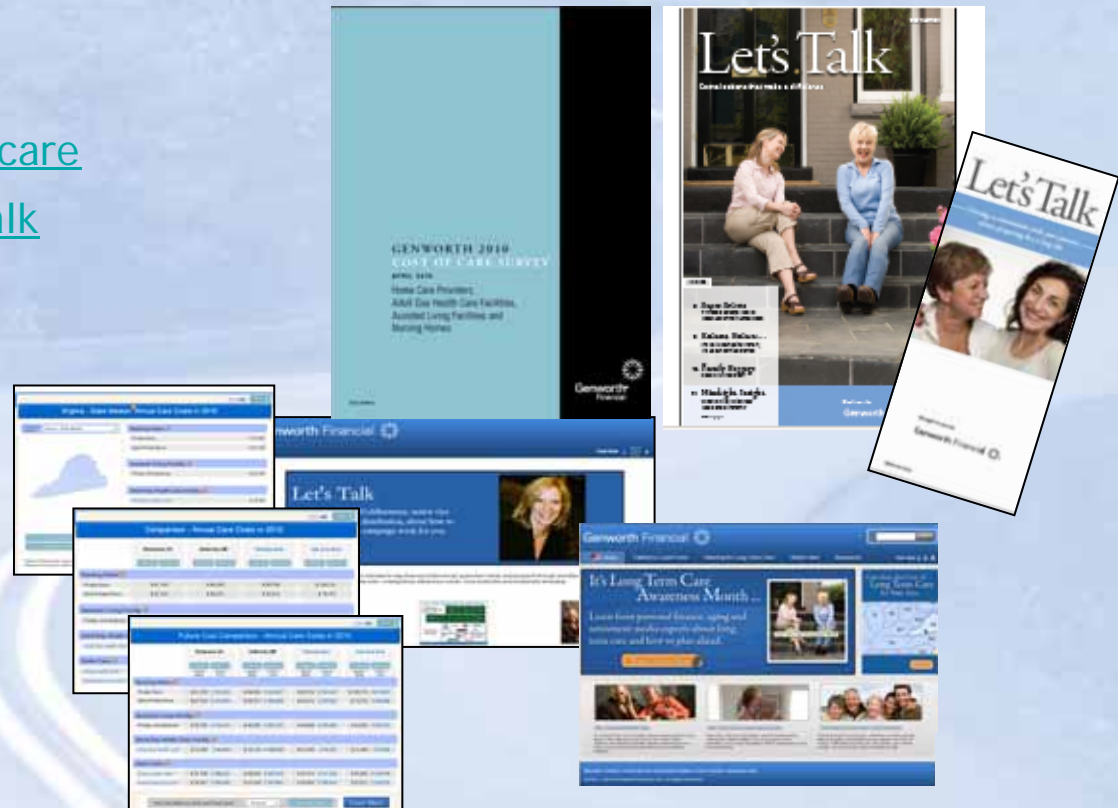
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Tools to Help Mitigate the Impact

Planning Ahead!

- genworth.com/costofcare
- genworth.com/lets-talk



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Healthcare *Is* Wealthcare

Healthcare planning is part of a holistic picture that is related to a myriad of life transitions.

Think about the links between “health and wealth” as well as meaning, purpose and goal achievement.

The conversation goes well beyond the purchase of a Long Term Care policy!

Health *Is* Wealth!



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The Premise

Powerful demographic trends are combining to form the primary drivers for the advisor practice of the future.

You already deliver world-class advisory and financial services to clients. In an increasingly competitive and crowded marketplace of commoditized products and services, what will **make your business "stick?"**

How will your firm, your practice, sustain itself uniquely among a myriad of competitors as you vie for the attention of potential clients?

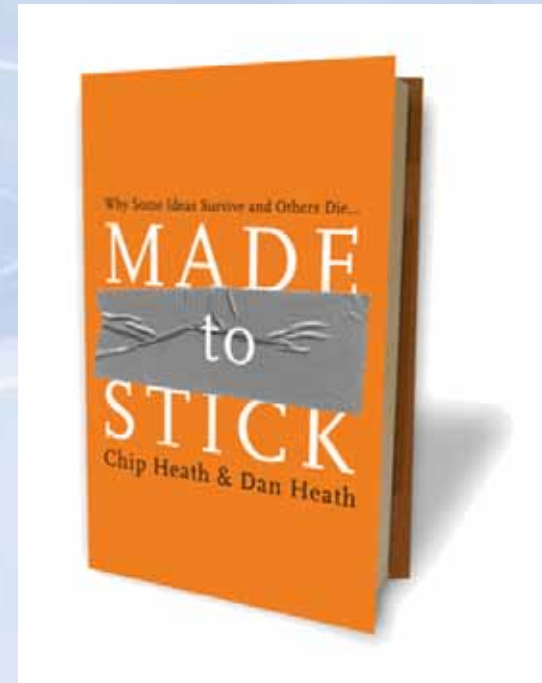


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Business That Sticks

It's not "the economy, stupid."
It's the Conversation!



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The *Challenge* Conversations

In a Decade of Life Transitions,
The Art of Conversation
Is Your Leading Advantage



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The *What If?* Questions

“The OK, not OK, you’re dead” Conversation

The 3 AM Conversation

Joe, it’s 3 AM. Either you are having a stroke or a heart attack.

Mary is on the phone calling 911. That’s the first call she makes.

You have three adult children. Who is going to get the second call?



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Factoids

- Over two-thirds of the Baby Boomers are past age 50
- What is going on in the life of a typical married family in their early 50s?
- Kids still in the nest, kids in college and/or still in high school with college ahead of them; weddings to pay for
- Mom and Dad (his and hers) may be in 70s and 80s and their care is a worry
- Health problems within the immediate family; mom, dad, or one of the kids
- Career challenges, financial worries, retirement underfunded
- A single person may have the same concerns without a partner to share the burdens



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The CARE Conversation

C Looking out over the next years, and ten years beyond that, what *Challenges* do you see?

Focus on your future, not just in terms of what could go awry, but in terms of what you want to happen! Apply this line of thought to all aspects of your future—the big picture, your family your health, career, money, real estate, business assets, personal property, fun and recreation, meaning and purpose, spiritual pursuits, and your legacy. Focus not just on challenges that have negative implications, but more so on opportunities with positive possibilities!

A Given the challenges, what *Alternatives* are available to deal with the challenges and opportunities?

R Focusing on the best alternative for any given challenge and opportunity, what *Resources* can you command to power selected alternative?

E Given the challenges and opportunities that you foresee, and the alternatives and resources at your command, what are your *Expectations*? What do you wish to *Experience*?



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Adopted from *The Parent Care Conversation: 6 Strategies for dealing with the emotional and financial challenges of aging parents*, by Dan Taylor (Penguin Books, 2006); used with permission; all rights reserved.



A Life Deferred

- 34 million Americans provide care for family members or friends 50 years of age or older
- 10.6 million Americans care for someone between 18 and 49
- 57% cared for a parent or parent-in-law; 21% cared for a spouse, 22% helped siblings, grandparents, other relatives, or friends
- 75% of caregivers are female
- Of those cared for in the noted study, 45% lived with the caregiver; 44% lived relatively close; 11% lived more than 2 hours away
- Average hours dedicated to caregiving: 35.4 hours a week
- Most caregiving is unpaid

Source of data: Family Caregivers—What They Spend, What They Sacrifice: The Personal Financial Toll of Caring for a Loved One; Evercare® Study, November 20087, in conjunction with National Alliance for Caregiving (NAC)



The Costs of Care

See *Genworth 2010 Cost of Care Survey, April 2010*

- Lists costs for Home Care Providers, Adult Day Health Care Facilities, Assisted Living Facilities, Nursing Homes
- www.genworth.com/costofcare; see also www.caringtalk.com
- Nearly two-thirds of Americans age 65+ will need long term care (LTC) at home, or in an assisted living facility or nursing home
- 40% of people receiving LTC are ages 18 to 64
- Costs for services and facilities are rising faster than the CPI
- The study provides detailed costs data by state



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Costs You Don't Think About

- Housing, rent, utilities
- Home maintenance and modifications; repairs, yard care
- Food, meals, household goods
- Travel costs
- Clothing
- Pet food and veterinarian costs
- Legal and accounting fees

The lower the income, the higher the burden



Impact on Breadwinners

Listed in Order of Frequency ...

- Left one job for a different one that was more accommodating
- Took unpaid leave
- Increased hours or took a second job
- Cut back on hours or quit work
- Used sick or vacation hours to provide care



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Strategies for Coping

Listed in Order of Frequency ...

- Took out loans or increased credit card debt
- Cut back on necessities (clothing, transportation, utilities)
- Cut back on basic home maintenance
- Reduced spending on health or dental care for self
- Tapped savings
- Deferred major purchase or home improvement
- Cut back on spending for groceries



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Strategies for Coping

Listed in Order of Frequency ...

- Reduced or stopped saving for the future
- Reduced or eliminated vacations or travel
- Cut back on hobbies, leisure pursuits
- Reduced or stopped saving for children's future



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Emotional and Physical Effects of Caregiving

Listed in Order of Frequency ...

- Started or increased a bad habit (smoking, alcohol abuse, prescription drug misuse)
- New or worsening health problems attributed to caregiving
- Unable to set up or go to personal medical or dental appointments
- Trouble sleeping
- Felt depressed or hopeless
- Gained or lost weight
- Increased stress or anxiety



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A Labor of Love

- Over 52% of those surveyed had been providing care for 3 or more years
- Almost one-third had been providing care for more than 5 years
- Caregiving can be a long term, multi-generational commitment...

"I care for my parent and a morbidly obese, psychologically damaged child who is entirely dependent on me for her financial support and her emotional and medical support."



Planning Points

- One family in four is providing caregiving now and the challenge will grow as the Age Wave rolls on
- One family in ten is coping with an impaired or challenged minor or adult child
- More grandparents are raising minor children
- Get older parents talking with their grown children; The Family Conversations™; family office services; intergenerational planning
- Offer LTC at younger ages; boomers do not want to burden their kids; explain 10-pay



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Planning Points

- Most estate planning is deficient ... no wills, obsolete wills, unfunded trusts, no powers of attorney for assets or health care; boiler plate advanced directives
- Special needs planning is deficient or non-existent
- Life insurance is not positioned correctly, is inadequate, or underfunded and will “blow up”



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It's About the Conversation!

- Develop blogs, white papers, videos, speeches and seminar presentations
- Talk to and communicate with men's and women's groups at churches, temples, and community groups and frame the caregiving challenge and solutions and you will experience the marketing opportunity for the next 20 years!
- Create an Expert Resource Team and provide a resource and service network
- Create a Family Office Structure and client resource portal



Ask Questions Of Our Panelists

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Long-Term Care Planning

Finding the Right Kind of Care

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