



Wednesday, November 18, 2009

### **The Importance of Long Term Healthcare**

**The long term care crisis and its impact on your family's future financial security.**

Watch the segment at: [http://abclocal.go.com/kgo/video?id=7126331&section=view\\_from\\_the\\_bay](http://abclocal.go.com/kgo/video?id=7126331&section=view_from_the_bay)

#### **Long term care crisis:**

The cost of long term care can severely impact your family's future financial security. Requiring care in any setting is not a topic many of us want to talk about, for obvious reasons. But the fact is, 40 percent of Americans who need long term care are working age adults 18-64 - and this care comes with a very steep price tag.

For example, according to recent data from Genworth Financial the national average cost for one year of home care is more than \$42,000.

According to Dr. Dychtwald's research, the biggest financial worry among the 55-and-older population is covering uninsured medical expenses during retirement.

Dychtwald adds that today people are living longer than ever before and this longevity revolution is creating an unprecedented "age wave." However, living longer creates a greater possibility of health issues along the way and the burden of care giving usually falls to the closest relative.

#### **The key steps needed to secure financial peace of mind:**

*There are three things that the average individual ought to be thinking about when it comes to long-term care in terms of next steps.*

1. Talk to your family members, this shouldn't be some sort of secret or something that people aren't comfortable discussing. You know it's... it's a fact of life in this more lived era.
2. Talk to a financial professional and that could be an insurance agent, a broker, an accountant, a lawyer, maybe you got a brother-in-law or a cousin who's in the business, talk to them about long-term care.
3. Don't just leave it vague and in the mist, write it down, take steps, make a plan and then execute against that plan.

#### **Steps to help people initiate the conversation with their loved ones about long term care:**

1. Don't take the person by surprise. Tell him or her that you have something important you want to talk about and do it in a comfortable, pleasant setting.
2. Use a situation you have gone through as a lead-in to your conversation. "Mom, remember when Aunt Marilyn fell and broke her hip? And her kids ended up selling her house to pay for the years of rehabilitative care she needed? It's the kind of situation we would like to avoid if we can. If we plan in advance, we can be better prepared and be proactive in what options would be available."

3. Ask if they ever needed care - short- or long-term - who are they counting on to take care of them? Spouse? Family members? Kids? Outside professional help? How would that decision impact the family dynamics and finances?
4. Listen carefully and stay focused on concerns. Let the parents or loved one talk - about their fears and dreams for the future. There can be unexpected rewards from communicating honestly, such as getting to know someone in a whole new way and encouraging future discussions. This should be a continuous conversation; as things evolve the conversation should, too.
5. Create a strategy and put it down in writing. From your conversation, what does this future look like? Financial planning, estate planning and long term care planning are all connected. It's important that the client write down specific wishes so that everyone involved knows what is expected both today and in the future.

### **Common questions and concerns:**

#### **When is the right time to start thinking about developing a plan for long term care?**

The best time is in your 50s because you don't have the kind of health problems that later on might be a problem in you getting a policy and also the rates are far lower. The average age of a long term care policy holder is currently 58 down from 68 in 2000 - less than a decade ago.

Of note, 40 percent of all the long term care used in America is actually utilized by people between the ages of 18 and 64, so this is not the kind of thing you should wait for until you're an elder.

In every stage of life, you know we could stumble, you can fall, things can happen for which extended care is needed and the same issues apply that if you don't have the right protection, and by the way the younger you are when you purchase long term care insurance the far less expensive the rates are, but the same issues apply that if you're 32 or 41 or 56 when you need the care it still can become a burden on your spouse or your parents or your siblings.

The best way to deal with long term care is to deal with it now before you need it, before you have health problems, before it might cost more. Part of the challenge of being a grown up and not only looking after your money and savings that you worked very hard for, but also thinking more thoughtfully about the effect if you should need care on your loved ones.

Not the kind of thing you want to let yourself be caught in denial or paralysis or confusion over, you got to clear away the clouds, talk to your family, talk to a financial professional, see what the choices are, write it down, and get to it to take action.

#### **What is the "caregiver crunch"? How will it impact informal care giving resources in the future?**

The "caregiver crunch" that we are beginning to see will only become more commonplace as boomers in our country continue to age. The fact is that Americans are truly "sandwiched" between meeting the needs of their children and their aging parents or in-laws.

And today, the average American actually has more parents than children. Without a creating a responsible financial plan that includes long term care coverage, older relatives are going to need to rely on the family members that they do have to take care of them later in life.

Nearly 80 percent of women 45-54 are in the workforce. Approximately 2/3 of all caregivers are women (spouses, daughters and daughter-in-laws), an increasing number of whom bear the brunt of this involvement while also working.

To complicate matters, 40 percent of eldercare-givers have children of their own under the age of 18 living at home. Estimates of the percentage of family or informal caregivers who are women range from 59 percent to 75 percent (Economic Value of Informal Care giving) amounting to somewhat of a "caregiver crunch" which can be very costly both financially and emotionally.

This impending "caregiver crunch" can be attributed to a number of factors according to Dr. Dychtwald's research including, among others:

- Today's adults will have relatively fewer children to count on for help, as today's elders have three or four children per couple, while boomers have only about two
- Higher number of single people without a spouse to care for them in their older years, due to rising divorce rates.
- Family members may not live nearby due to increased mobility and relocations by each generation.

### **What resources exist to help families have productive discussions about long term care planning?**

[www.longtermcare.gov](http://www.longtermcare.gov) - A Federal government web-site, rich with useful, unbiased information about long term care.

[www.genworth.com](http://www.genworth.com) - Genworth-sponsored website with resources to help consumers initiate the conversation about long term care and research long term care insurance options.

[www.researchltc.com](http://www.researchltc.com) - Strong resource for unbiased info about specific LTCi products and solutions.

#### **About Dr. Ken Dychtwald:**

Dr. Ken Dychtwald is a psychologist, gerontologist, documentary filmmaker, entrepreneur and best-selling author of sixteen books on aging-related issues, including *Bodymind*, *Age Wave: The Challenges and Opportunities of an Aging Society*, *Age Power*, *The Power Years: A User's Guide to the Rest of Your Life*, *Workforce Crisis: How to Beat the Coming Shortage of Skills and Talent*.

He has been featured in *The New York Times*, *The Wall Street Journal*, *USA Today*, *The Financial Times*, *Fortune*, *Time*, *Newsweek*, *Business Week, Inc.*, *U.S. News and World Report*, *The Economist*, *Hong Kong Daily News*, *South China Morning Post*, *The Standard*, *The Straits Times*, *60 Minutes*, *Good Morning America*, *ABC World News Tonight*, *PBS*, *NPR* and *BBC*. And he recently completed production of a world-class PBS documentary, *The Boomer Century: 1946-2046*, which he hosted.

Dr. Ken Dychtwald, the nation's leading authority on aging, a psychologist, gerontologist, and author of 16 books including *With Purpose*, *Going From Success to Significance in Work and Life* says today's Rubik's Cube-like families come in all shapes and sizes and have diverse sets of complicated dynamics but one commonality is the need to include long term care planning as a part of their overall goals for financial independence and security.

Dr. Ken Dychtwald is a consultant for [Genworth Financial](http://www.genworth.com)

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