



Dispel the

Myths

about Long Term Care

Underwritten by
Genworth Life Insurance Company,
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You have a great opportunity to help your clients address one of the biggest risks to their financial futures, yet misconceptions and myths may be getting in your way.

Have you heard that most clients don't want to discuss long term care, that it's only for affluent clients, or that self-funding is more cost-effective? If so, you've been exposed to a long term care myth.

Here we've captured and addressed 15 of the most common misperceptions about this important element of your clients' financial strategies.

Armed with the facts, you'll be in a better position to help them close this critical gap.

OPPORTUNITY

—— MYTHS ——

MYTH

Clients do not want to talk about long term care insurance (LTCI).

FACT



of LTCI discussions are **started by customers.**

Our research shows that 80% of the time **it is the customer who starts the discussion** with an agent.¹

.....
These customers often want information about:

- how a policy works
- how much it costs

MYTH

Consumers are not interested in LTCI until they're older than 55.

FACT



Our research shows **initial interest starts below age 50.**²

.....

For many consumers, the trigger for thinking about LTC is knowing someone who needed it or was affected by it.

MYTH

LTCL is only appropriate for older clients.

FACT

Your younger clients are more likely to receive

BETTER
underwriting
results

LOWER
premiums



Time is on their side

Plus, for clients whose policies include inflation protection, more time allows more compounding of benefits. That **can create a larger benefit pool** than older clients purchasing the same initial pool.

MYTH

My LTCI clients wouldn't be willing to recommend this coverage to their friends or family.

FACT

45%

of LTCI policy owners **have recommended policies** to others.³



On average, these people recommended LTCI to **five other people**.

NECESSITY

———— MYTHS ————

MYTH

Most people won't need LTC.

FACT



At least **70%** of people over 65 will need long term care services and support at some point.⁴

MYTH

My clients will pay for long term care themselves.

FACT

MEDIAN ANNUAL COST
OF HOME HEALTH CARE

\$45k+

The median annual cost of home health care exceeds \$45,000.⁵ In just two or three years that could have an impact on any portfolio.

Long term care insurance can make it easier to “ earmark ” dollars for long term care, and it **provides leverage** on those dollars that would be difficult for clients to replicate on their own. An LTCI policy can help your clients preserve their wealth for its intended uses.

MYTH

My clients don't need LTCI because family and friends will take care of them.

FACT



60%

of caregivers had to cut their discretionary spending



46%

said providing care impacted their health and well-being⁶

Family and friends often are more than willing to help out. Yet our research shows that being a caregiver will likely have a **negative impact on their financial and emotional well-being.**

MYTH

The government will pay for long term care.

FACT

There are **limitations to Medicare and Medicaid.**



MINIMAL
COVERAGE

Medicare generally covers skilled nursing home care after a hospital stay of at least three days, and its coverage for other **long term care services is very limited.**



SPEND DOWN
ASSETS

Medicaid does contribute toward long term care, but requires recipients to use their income to pay for care and **spend down most of their assets to qualify.**

MYTH

Health insurance and disability insurance are good substitutes for LTCI.

FACT



Neither health nor disability insurance were designed to cover **long term care**.

Health insurance is designed to cover short-term acute care such as hospital stays, operations, prescription drugs and doctor visits, but usually **pays little or nothing toward LTC**.

Disability insurance is designed to replace your income during the working years, and is usually **needed to pay for basic living expenses**.

AFFORDABILITY

— MYTHS —

MYTH

Consumers know how much LTCl costs, and they think it's too much.

FACT

Consumers may overestimate the cost of LTCl.



They are often **surprised by how affordable it really is...**



and **show more interest** in buying it after seeing real premiums.

MYTH

Long term care insurance is expensive, and is only for affluent clients.

FACT

2013 AVERAGE

LTCI Premium:⁷

\$191.58

per month

UNDER
\$100
PER MONTH

Genworth's long term care insurance is available at a wide range of premium levels. Options start at less than **\$100 per month** for qualified applicants.

MYTH

Clients need \$1 million of coverage to pay for long term care.

FACT

70% of Genworth claims are for home care.⁸

.....

\$45,188 was the median national annual cost for home care in 2013.⁹

.....

3 years is the average length of a claim.¹⁰

The facts show that many clients won't need \$1 million of coverage.

MYTH

People want as much coverage as possible.

FACT



71%

REIMBURSEMENT FOR
AVERAGE COST OF CARE

71% of people want to insure for only the average cost of long term care (versus the worst case scenario).¹¹

The idea that **“something is better than nothing”** can be appealing to consumers trying to fit LTCI into a budget, and to those comfortable using multiple approaches to fund long term care.

MYTH

Consumers want all the “bells and whistles” in their LTCI policy.

FACT

When designing long term care plans, both consumers and producers **focus on a limited number of plan elements**, most often:

- benefit amount
- benefit period
- home care coverage
- assisted living facility coverage
- inflation protection

Other features are of low interest and value to consumers. These are good reasons to **“keep it simple”** when designing your client’s LTCI plan.

MYTH

A 5% benefit increase option (inflation protection) is necessary to keep up with the rising cost of LTC.

FACT



AVERAGE ANNUAL RATE **INCREASE**¹²

Genworth's 2014 Cost of Care Survey shows the **overall cost of LTC services has increased at an annual average rate of 3.0% over the past five years.**

Genworth Life Insurance Company

LONG TERM CARE INSURANCE

6620 West Broad Street

Richmond, VA 23230

genworth.com

- ¹ LTC Consumer Omnibus Study, Genworth, October 2011
- ² LTCI Purchaser Study, Genworth, September 2012
- ³ Ibid
- ⁴ 2014 Medicare & You, National Medicare Handbook, Centers for Medicare and Medicaid Services, September 2013
- ⁵ Genworth 2014 Cost of Care Survey, April 2014
- ⁶ Beyond Dollars, Genworth, October 2013
- ⁷ U.S. Individual Long-Term Care Insurance, Annual Review 2013, LIMRA, February 28, 2014
- ⁸ Long term care claims experience data for Genworth Life Insurance Company and affiliates – December 1974 through September 30, 2013. Home care is a combination of the Home Assistance Benefit and the Home and Community Care Benefit.
- ⁹ Genworth 2014 Cost of Care Survey
- ¹⁰ U.S. Department of Health and Human Services, longtermcare.gov, Web accessed September 18, 2014
- ¹¹ LTCI Consumer Cojoint Study, Genworth, September 2013
- ¹² Genworth 2014 Cost of Care Survey, April 2014, average compound annual growth rate for provider types surveyed

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