

# Our Family, Our Future: *The Heart of Long Term Care Planning*

A National Examination  
by Age Wave  
Sponsored by  
the Genworth Financial  
companies

November 2010





# Table of Contents

Foreword	1
About the Research	2
Summary of Findings	3
Key Finding #1: Charting a Course for Lifetime Health and Financial Independence	6
Key Finding #2: The 21st Century Caregiving Challenge	14
Key Finding #3: Planning for Long Term Care: The Missing Links with Family and Financial Professionals	18
Next Steps and Endnotes	23
About the Genworth Financial companies, Age Wave, and Harris Interactive	24



# Foreword

Today, American families are facing new challenges and searching for new solutions. As we plan for the years ahead, many of us are increasingly anxious about our families' financial security and how it could impact our lives. The recent economic crisis has forced more and more people to turn to family members for financial help, caregiving support, or both. Many of us are widening our support network to include relatives, friends, and members of our communities as resources that can help our loved ones as they confront long term health concerns. At the same time, many of us worry about who will care for us in later life and how we can avoid being a burden to – or even damaging – our families. Some families are taking the initiative, and beginning to communicate more openly about their needs and how they can plan and prepare for health and financial obligations in later life. Sadly, however, many are not.

As we look towards solutions to these issues, important questions arise: What matters most when seeking health and financial independence? What are people's greatest worries in later life? How can family members communicate effectively about the care and support they may need as they grow older? What are the greatest challenges of caregiving? How might financial professionals help us protect our families and ourselves from the financial and emotional costs of long term care?

To address these questions, the Genworth Financial companies (Genworth), in collaboration with Age Wave, the nation's preeminent authority on retirement and the aging of America, launched a landmark national study: "Our Family, Our Future: The Heart of Long Term Care Planning." This study is a comprehensive exploration of the hopes, worries, and needs of families regarding their lifetime health and financial independence and identifies steps to achieve a financial sense of security.

The following report summarizes the key findings of this new study and also includes insights from "Beyond Dollars: The True Impact of Long Term Caring," which explores, more deeply, the structure and impact of caregiving, and the "Genworth 2010 Cost of Care Survey."

This study is part of a larger initiative by Genworth to address the emerging long term care needs of today's American families. By providing families and financial professionals with the tools to have meaningful and productive conversations about long term care planning through our "Let's Talk" initiative, decisions about how to prepare for potential long term care needs can be made with confidence.

Sincerely,

**Colleen Goldhammer**  
Senior Vice President, Genworth Financial



**Ken Dychtwald, Ph.D.**  
President/CEO, Age Wave







# About the Research

**This report draws insights and findings from four major research initiatives:**

1. A national survey overseen by Age Wave and conducted by Harris Interactive online from September 9 to 13, 2010, using the Harris Poll Quick Query omnibus tool. 2,151 interviews were conducted of adults age 18 and over. The polling sample represents the US population in terms of age, gender, race, income, education, and region.
2. The Genworth “Beyond Dollars: The True Impact of Long Term Caring,” survey conducted in April 2010 of 818 respondents, conducted by Rockhopper Research, from across the spectrum of those affected by long term caregiving situations.
3. The Genworth “Let’s Talk” Forum conducted in March 2010 was a live town hall style gathering of 100 people from diverse backgrounds, generations and walks of life, hosted and moderated by Ken Dychtwald, Ph.D., Age Wave’s President and CEO. Participants openly discussed, debated, and shared worries, feelings, needs, and aspirations around key retirement issues.
4. The “Genworth 2010 Cost of Care Survey,” the most comprehensive cost survey of its type. Survey respondents included nearly 13,000 nursing homes, assisted living facilities, adult day health facilities, and home care providers. The survey was conducted by phone by CareScout® – now part of the Genworth Financial family of companies – during January, February, and March of 2010.

# Summary of Findings

## 1

### Charting a course for lifetime health and financial independence

- On average, Americans now say they would ideally like to live 92 years.
- Maintaining good health is twice as important as any other factor when people reflect on how long they want to live.
- People are over five times more worried about being a burden on their family than dying.
- Uninsured medical expenses are the top financial worry among men and women age 55+.
- While two-thirds of people will actually need some long term care, such as home care, assisted living, or nursing home care, after they reach age 65, only 35% of people believe they will need such care.
- People rank Alzheimer's as their single greatest fear among disabling diseases in later life.

## 2

### The 21st century caregiving challenge

- People greatly underestimate the financial, social, and lifestyle impact of caregiving responsibilities.
- When someone needs long term care, a wide circle of primary caregivers, secondary caregivers, other family, friends, and community members often provide the care and are impacted by the responsibilities.
- The sandwich generation, with its primary concern for parents and children, has evolved into more complex multi-generational “Rubik's Cube”-like families.
- When people consider becoming caregivers, their greatest worries are the potential emotional strain – even more than the financial costs.



### 3

## Planning for long term care: the missing links with family and financial professionals

- The top reasons for planning ahead for long term care are “not being a burden on others,” followed by being “able to afford quality care in the setting I choose,” and “protecting my spouse’s/loved ones’ quality of life and future security.”
- When asked what is most worrisome about being burdens on their family, people indicated that they are most concerned about protecting their families from the financial pressures of providing for their long term care.
- Three key topics are core to conversations with family about long term care: (1) what long term options are most preferred, (2) potential roles and responsibilities of different family members for managing care, and (3) how long term care needs would be paid for if they are needed.
- The vast majority of families have not had a comprehensive discussion regarding long term care.
- Seventy-eight percent (78%) of men and women say they would find it helpful to talk to a financial professional about long term care planning. However, only 16% have had this conversation with a financial professional.

“If you have your health, and if you’re a relatively vibrant person, then living to age 100 is great.”

– Study participant



KEY FINDING  
1

## Charting a course for lifetime health and financial independence



In this era of increasing longevity, people are now hoping to live fulfilling lives into their 90s and beyond, yet their worries about their future health are top-of-mind. The recent economic crisis has caused new financial anxieties, and uninsured healthcare costs have risen to become the #1 worry during retirement. In addition, Americans significantly underestimate their future needs for long term care, which could create serious problems in the years ahead.

## People now want to live to 92

In the past century, we've experienced a revolution in longevity. On the first day of the twentieth century, life expectancy in the United States was just 47 years. By the first day of the twenty-first century, life expectancy in the United States had soared to 77 years. Today, it is approaching 79<sup>1</sup>. People are living longer, more vital, active, and productive lives – into their 70s, 80s, and even 90s. In fact, when we asked people how long they would like to live, on average Americans say they would ideally like to live 92 years.



## Good health is most important to a satisfying later life

A longer life brings challenges as well as opportunities. Loss of independence and financial challenges can be major concerns. However, it turns out that loss of health is the primary worry when people anticipate their later lives. In fact, maintaining good health is twice as important as any other factor when people reflect on how long they want to live (FIG 1).

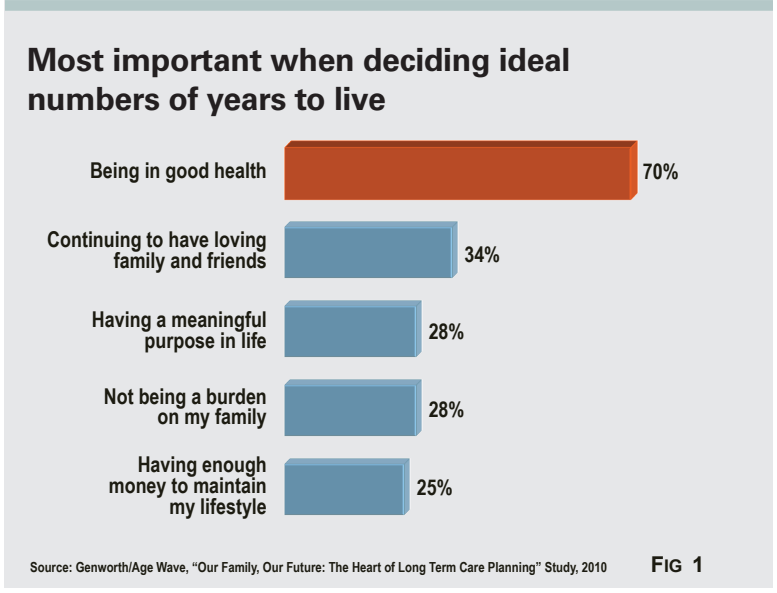


FIG 1

## Being a burden on family is considered the choice of last resort

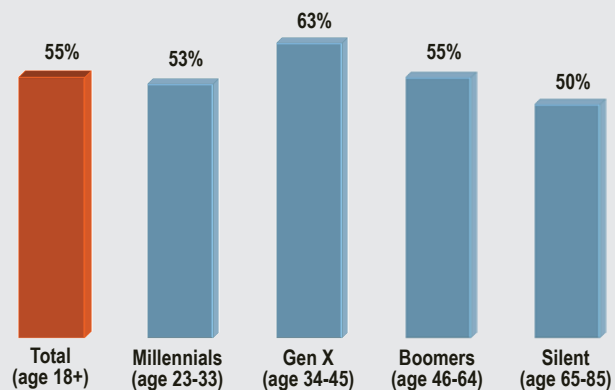
The recent economic crisis has caused increasing financial anxiety. Today, over half of Americans – and almost two-thirds of Generation X – worry about losing all their money and becoming impoverished (FIG 2).

As people confront today’s financial uncertainty and recognize they can expect to live far longer than previous generations, many believe that working past the traditional retirement age of 65 may be the best solution to ensuring a comfortable retirement. And for most Americans, relying on family members for financial help in retirement is their least desirable choice (FIG 3). This is particularly true if they face a health challenge in later life. In fact, people are over five times more worried about being a burden on family than dying (FIG 4).

“I’d rather die than be a burden”

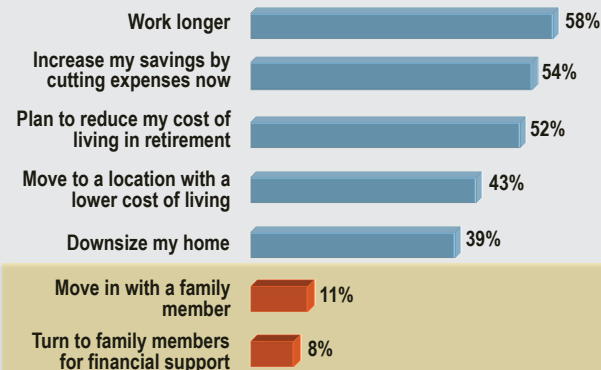
– Study participant

### Percent who worry about losing all their money and becoming impoverished



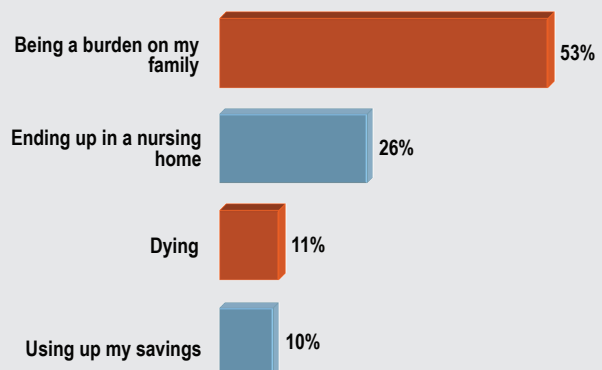
Source: Genworth/Age Wave, “Our Family, Our Future: The Heart of Long Term Care Planning” Study, 2010 FIG 2

### Actions to ensure a comfortable retirement



Source: Genworth/Age Wave, “Our Family, Our Future: The Heart of Long Term Care Planning” Study, 2010 FIG 3

### Greatest fear regarding having a long term illness



Source: Age Wave Survey, 2010

FIG 4

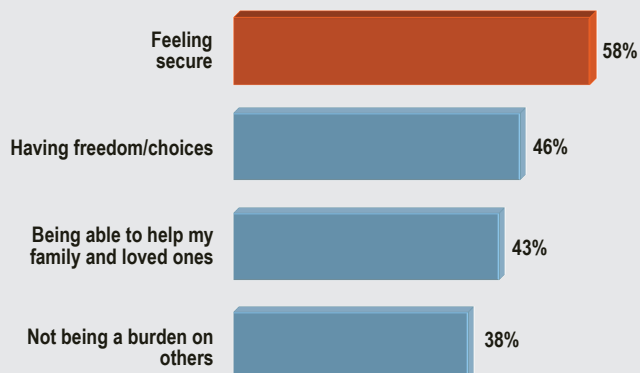
## Money = Security

In the recent go-go decades of the 1980's and 1990's, people may have said "freedom" or "choices" are the best thing about having money. Today people say the best thing about having money is "feeling secure" (FIG 5). The Silent Generation (age 65-85) is twice as worried (59%) as Millennials (age 18-33) or Gen X'ers (age 34-45) (28%) to say that "not being a burden on others" is the best thing about having money.

## The #1 retirement worry: uninsured medical expenses

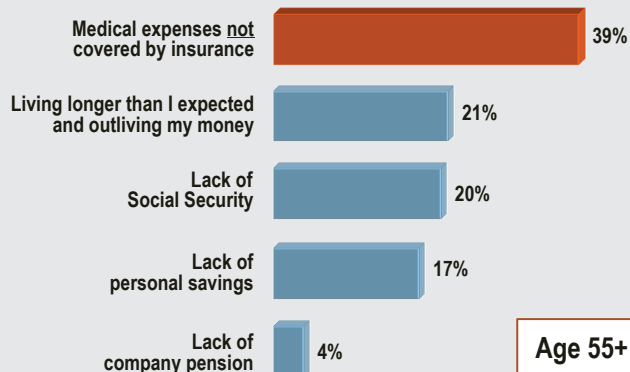
Uninsured medical expenses are the top financial worry among men and women age 55 and over (FIG 6). While many retirement expenses can be planned for, people say they are most worried about medical expenses not covered by insurance because of their unpredictability and potential for high costs (FIG 7). Key to this worry is the additional cost of long term care that might be needed.

### The best thing about having money



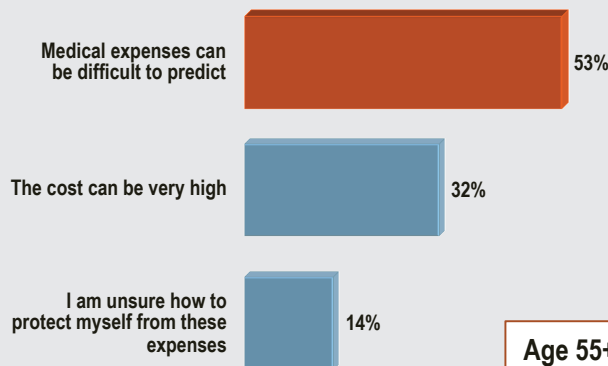
Source: Genworth/Age Wave, "Our Family, Our Future: The Heart of Long Term Care Planning" Study, 2010 **FIG 5**

### Top retirement financial worries



Source: Genworth/Age Wave, "Our Family, Our Future: The Heart of Long Term Care Planning" Study, 2010 **FIG 6**

### Most worrisome about uninsured medical expenses during retirement



Source: Genworth/Age Wave, "Our Family, Our Future: The Heart of Long Term Care Planning" Study, 2010 **FIG 7**



## Americans are in denial about their potential long term care needs

Long term care, typically not covered by traditional health insurance or adequately covered by Medicare, can significantly impact families, both financially and emotionally (FIG 8). Almost two-thirds of people will need some type of long term care, such as home care, assisted living, or nursing home care, after they reach age 65.<sup>2</sup> Yet, people significantly underestimate the likelihood that they will need long term care (FIG 9). As a result, many people fail to prepare for and protect themselves against these potentially overwhelming expenses.

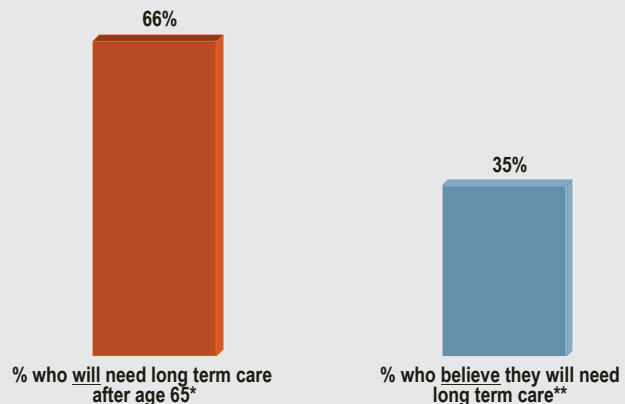
### Median cost of care

Type of Care	Annual Cost of Care
Home care (Medicare-certified home health aide)	\$43,472
Assisted Living Facility (one bedroom, single occupancy)	\$38,220
Nursing home (semi-private room)	\$67,525
Nursing home (private room)	\$75,190

Source: "Genworth 2010 Cost of Care Survey"

FIG 8

### Percent needing long term care



Source: \*U.S. Department of Health and Human Services National Clearinghouse for Long Term Care Information, 10/22/08  
 \*\*Genworth/Age Wave, "Our Family, Our Future: The Heart of Long Term Care Planning" Study, 2010

FIG 9



## The #1 choice: care at home

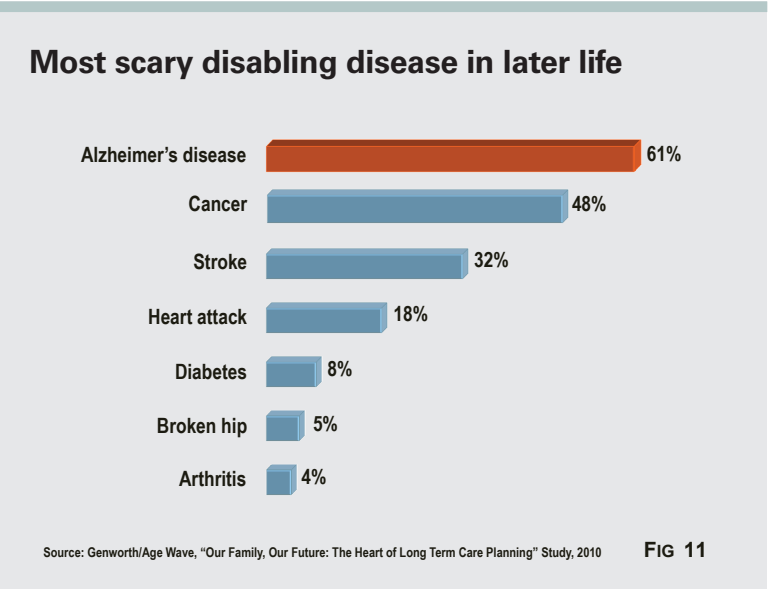
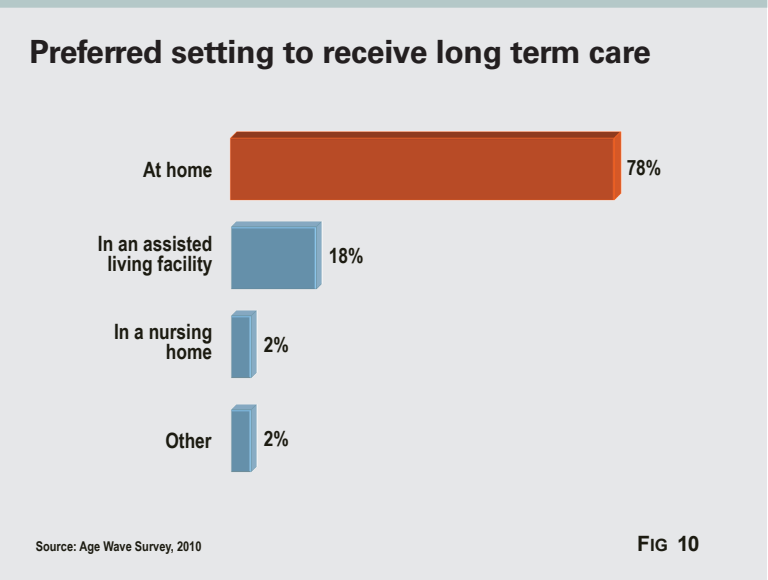
If they should ever need it, people would prefer to receive long term care in their own homes – rather than in a nursing home or assisted living facility – by a margin of almost four to one (FIG 10).

In fact, new technologies, services, more flexible government programs, and long term care insurance policies that may reimburse for home care, in addition to residential care, are enabling growing numbers of people to receive care at home. Today, nearly three times more people are receiving care at home than in nursing homes or assisted living facilities.<sup>3</sup>



## The greatest fear: Alzheimer's disease

People rank having Alzheimer's disease as their single greatest fear among disabling diseases in later life (FIG 11). The number of families impacted by Alzheimer's and the related need for care will multiply as our population ages. Today, 5.1 million people (or one in eight) age 65+ have Alzheimer's disease. By 2050, as our population ages, the number of people with Alzheimer's is projected to increase to potentially 15 million, unless there are medical breakthroughs to prevent or treat the disease.<sup>4</sup>





“There are conflicting priorities when a parent needs to be taken care of and your spouse and children have needs too. What is the priority – emotionally, physically, and financially?”

– Study participant

KEY FINDING  
2

## The 21<sup>st</sup> century caregiving challenge



Primary caregivers, secondary caregivers, community resources, and emerging “Rubik’s Cube”-like families are providing support for those needing long term care. Eighty percent (80%) of the care that is provided at home is provided by unpaid caregivers.<sup>5</sup> Due to changing demographics and the rising number of women in the workforce, there soon will be a “caregiver crunch.” Caregiving responsibilities will continue to have a deep and widespread impact on the family relationships, employment viability, and the current and future financial health of caregivers.

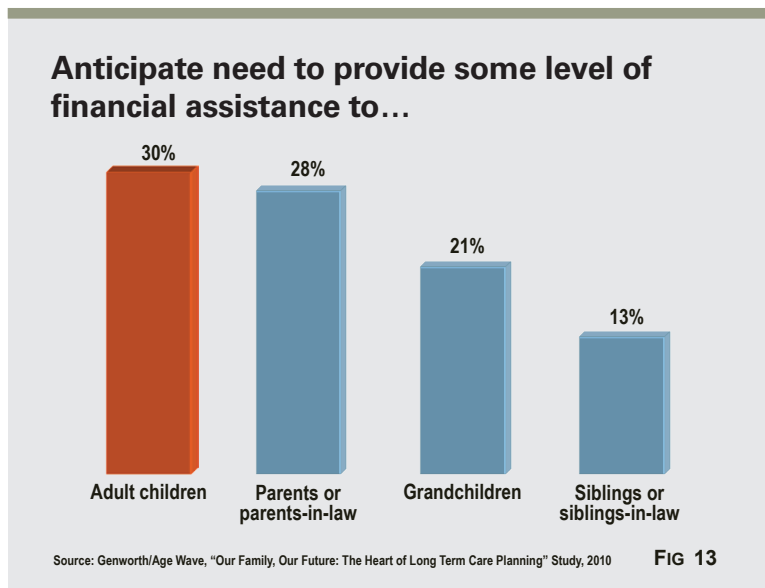
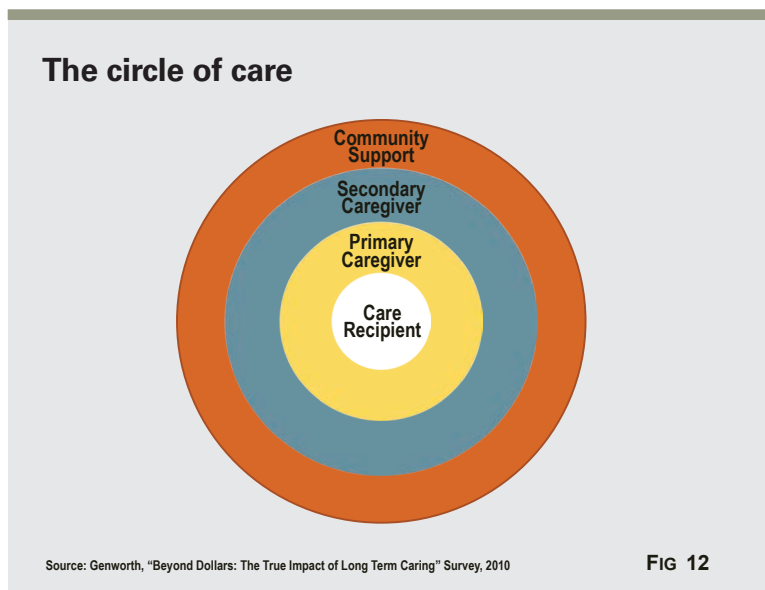
## The circle of care

When someone needs long term care, a wide circle of primary caregivers, secondary caregivers, other family, friends, and community members often provide the care and are impacted by the responsibilities (FIG 12).

The primary caregiver typically provides hands-on care and financial assistance to the care recipient, while secondary caregivers may be family members or close friends who contribute ongoing or occasional financial, emotional, and other support to the primary caregiver and care recipient. Additional support services may come from the community, such as friends, neighbors, religious organizations, non-profits, and other community-service groups.

## The emergence of multi-generational “Rubik’s Cube”-like families

The sandwich generation, with its primary concern for parents and children, has evolved into complex multigenerational “Rubik’s Cube”-like families. About 30% of people worry they will have to financially support their adult children, parents, and/or parents-in-law. This growing familial interdependence now extends to grandchildren and siblings, with nearly 21% worrying they will need to provide support for grandchildren and 13% for their siblings (FIG 13).





## The coming “caregiver crunch”

There are an estimated 66 million Americans serving as unpaid family caregivers.<sup>6</sup> But there will soon be a mass shortage of family caregivers for four reasons:

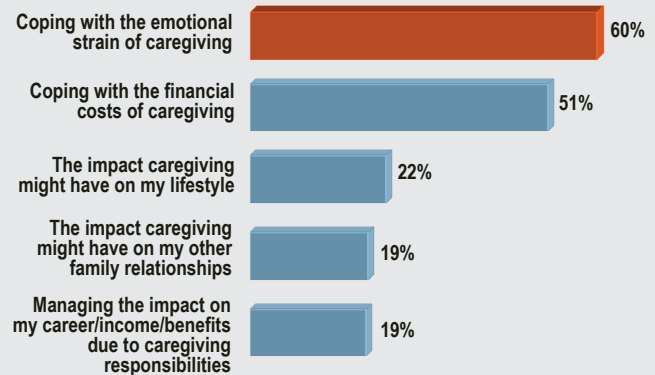
1. As a result of falling birth rates, there are fewer adult children to provide care to loved ones.
2. Family members may not live nearby due to increased mobility and relocations.
3. There are escalating numbers of unmarried adults without a spouse to care for them, due to high divorce rates and widowhood.
4. Women – who have traditionally provided the majority of caregiving – now account for almost half of all workers and are increasingly challenged by balancing their work and caregiving responsibilities.<sup>7</sup>



## Unexpected consequences of caregiving

Caregiving can have dramatic effects on caregivers’ lives, marriages, family dynamics, work commitments, financial stability, and future financial security. When people consider becoming caregivers, their greatest worry is the emotional strain – even more than the financial costs (FIG 14). Our study revealed that the actual impact of caregiving is often significantly greater than people expect (FIG 15).

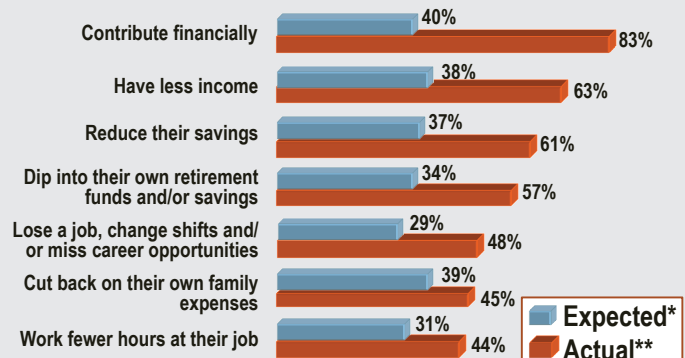
### Greatest worries of becoming a caregiver



Source: Genworth/Age Wave, “Our Family, Our Future: The Heart of Long Term Care Planning” Study, 2010

FIG 14

### Expected and actual impact of caregiving responsibilities



Source: \*Genworth/Age Wave, “Our Family, Our Future: The Heart of Long Term Care Planning” Study, 2010  
 \*\*Genworth “Beyond Dollars: The True Impact of Long Term Caring” Survey, 2010

FIG 15

“Long term care is something that other people are going to need, not me! I think that this kind of denial is the reason people don’t talk about long term care.”

– Study participant

KEY FINDING  
3

## Planning for long term care: the missing links with family and financial professionals



People do not want to impoverish themselves or become a burden on their families in later life. To help ensure this, they must begin planning early for long term care first by talking with their families about their long term care preferences, and then with their financial professionals. Yet very few people take these important first steps.

## Why long term care planning matters

We asked respondents in our survey about the most important reasons to plan ahead for long term care. Of the three key reasons, the top response was: (1) “not being a burden on my family” (65%), (2) being “able to afford quality care in the setting I choose” (51%), and (3) “protecting my spouse’s/loved ones’ quality of life and future security” (48%) (FIG 16).

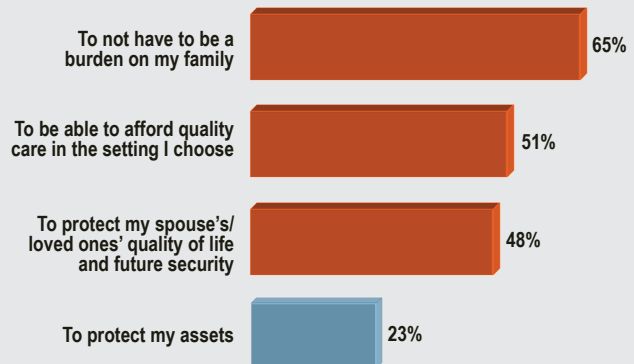
When asked what is most worrisome about being a burden on their families, people told us they are most concerned about protecting their families from the financial pressures of providing for their long term care (58%) or interfering with the lifestyles of family members (44%) (FIG 17).

## The time to talk is now!

Talking with family is an essential step in preparing for potential long term care needs. Three key topics are core to conversations with family about long term care:

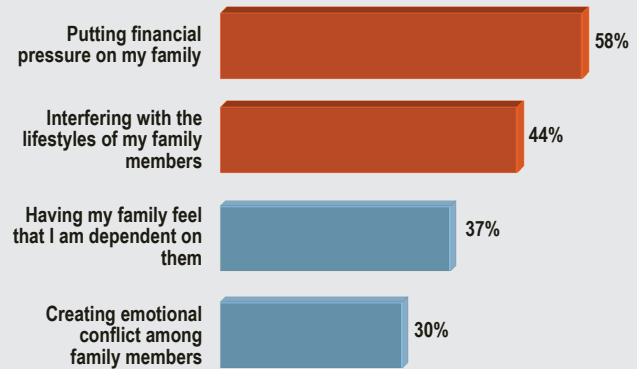
1. What long term options are most preferred.
2. Roles and responsibilities of different family members or other loved ones for managing care.
3. How long term care needs would be paid for.

### Most important reasons for long term care planning



Source: Genworth/Age Wave, “Our Family, Our Future: The Heart of Long Term Care Planning” Study, 2010 **FIG 16**

### Most worrisome about being a burden on family



Source: Genworth/Age Wave, “Our Family, Our Future: The Heart of Long Term Care Planning” Study, 2010 **FIG 17**



## Long term care: the silent concern

Despite the importance of the topic, the vast majority of families have not had a comprehensive discussion regarding long term care. Ninety-one percent (91%) of all Americans have not discussed all three key long term care topics with their spouses (FIG 18); 92% have not discussed all three key long term care topics with their adult children (FIG 19); and 94% have not discussed all three key long term care topics with their parents (FIG 20).

“I wouldn’t want to be a burden to my family...I saw what it did to my father-in-law when he had Alzheimer’s and we helped take care of him.

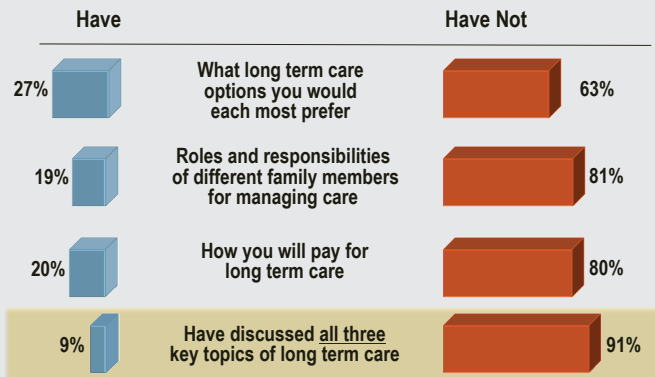
It really took a toll.

I wouldn’t want to put that burden on my family.

I love them too much.”

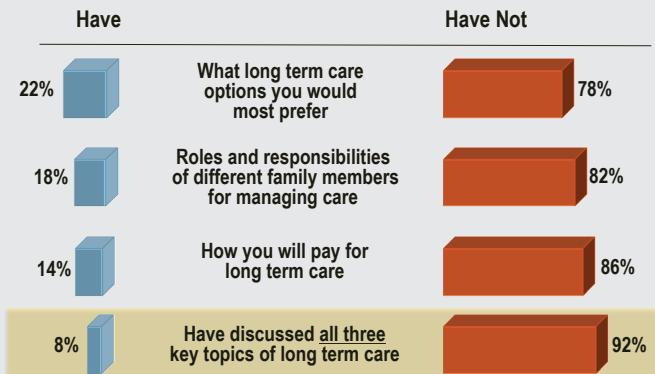
– Study participant

### Percent who had in-depth discussion with spouse/partner regarding...



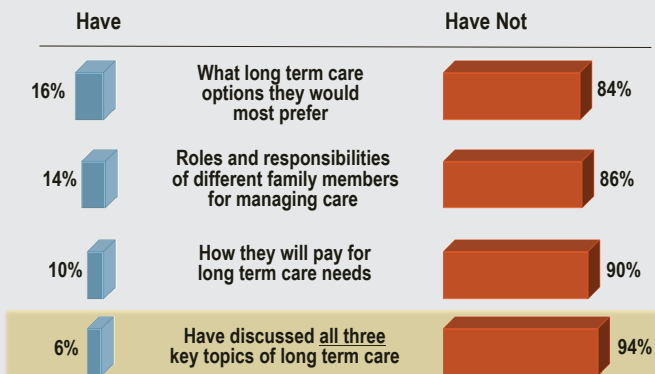
Source: Genworth/Age Wave, “Our Family, Our Future: The Heart of Long Term Care Planning” Study, 2010 FIG 18

### Percent who had in-depth discussion with adult children regarding...



Source: Genworth/Age Wave, “Our Family, Our Future: The Heart of Long Term Care Planning” Study, 2010 FIG 19

### Percent who had in-depth discussion with parents regarding...



Source: Genworth/Age Wave, “Our Family, Our Future: The Heart of Long Term Care Planning” Study, 2010 FIG 20



## Biggest barriers to long term care discussions with family

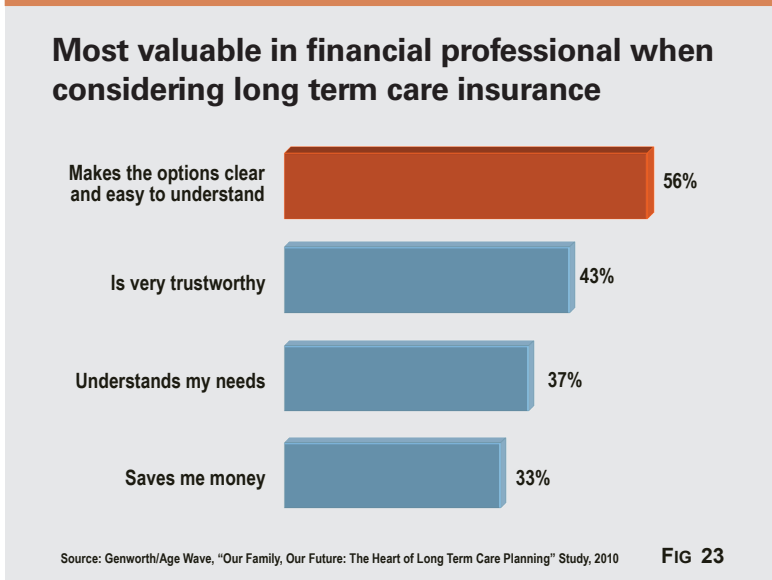
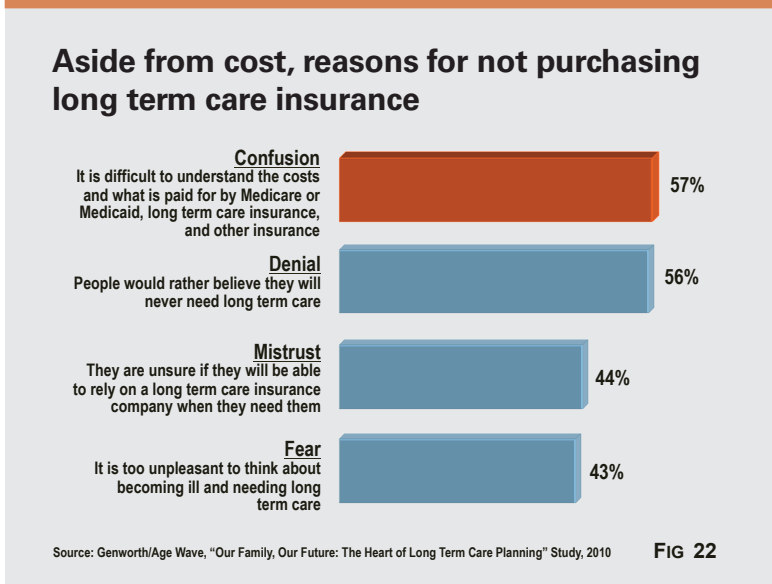
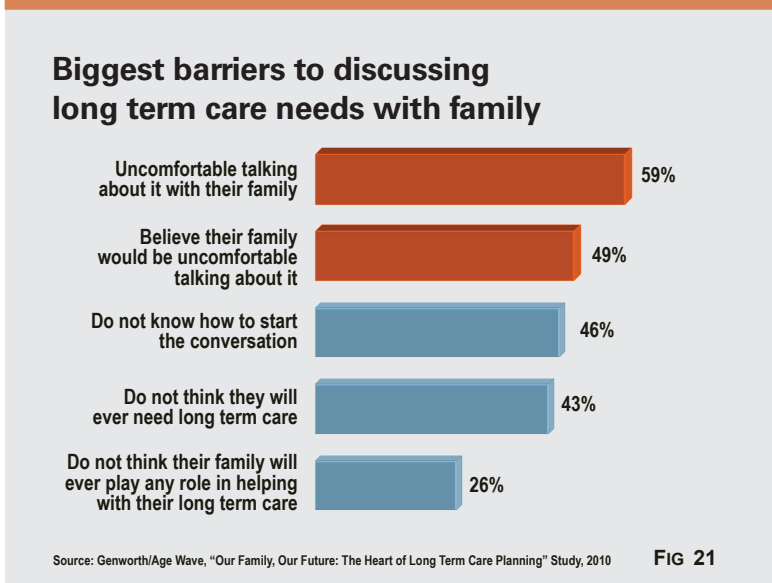
Talking about long term care can help family members ensure they have their preferred kind of care and are able to afford it. So why don't more families talk about it? Discomfort is the biggest barrier. Fifty-nine percent (59%) are uncomfortable raising the topic while 49% believe their families would be uncomfortable talking about it. People also cite not knowing how to start the conversation (46%) and believing they will never need long term care as other major reasons (43%) (FIG 21).

For guidance, tips, and tools on how to have a conversation about long term care planning, families can visit [www.genworth.com/lets-talk](http://www.genworth.com/lets-talk).

## Breaking through the confusion about long term care

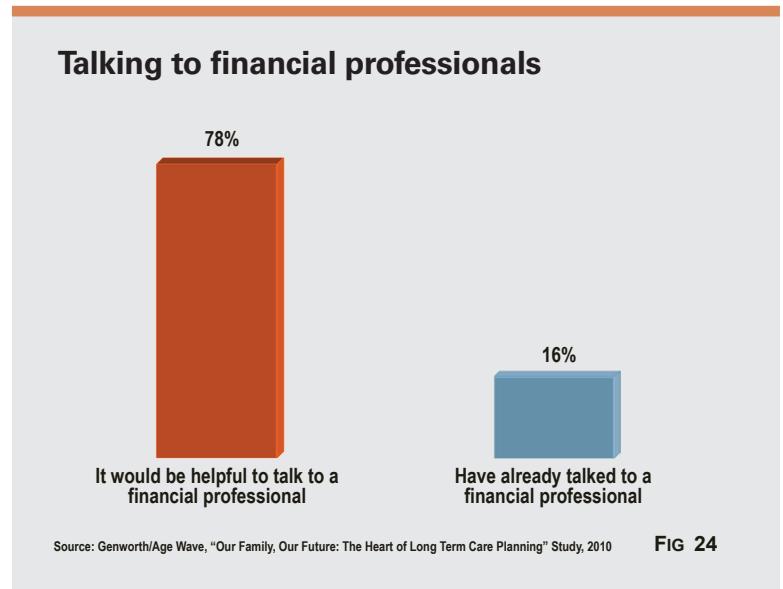
Aside from cost, people cite "confusion" about what Medicare, Medicaid, long term care insurance, and other insurance actually cover as one of the biggest barriers to purchasing long term care insurance. "Denial" about ever needing long term care came in a close second (FIG 22).

When asked how a financial professional can help them with these decisions, the majority said they are looking for a financial professional who makes long term care funding options clear and understandable (FIG 23).



## Financial professionals: an untapped resource

Financial professionals can be valuable allies when considering options to help protect against the financial and emotional costs of long term care. In fact, 78% of men and women say they would find it helpful to talk to a financial professional about this important topic. However, only 16% have had a conversation with a financial professional about long term care (FIG 24). Often confused by the complexity of long term care options, people need the guidance of financial professionals or other trusted resources to help them take the right actions by making the choices clear and understandable.



# Next Steps and Endnotes

## Next Steps

For help getting your important conversations started, visit [www.genworth.com/lets-talk](http://www.genworth.com/lets-talk) to get your free guide. You'll find tips and valuable information on what to cover and ways to think and plan ahead for the best outcomes for your families.

For more information on this report and study, please visit the website [caringtalk.com/LTC](http://caringtalk.com/LTC) and select the "Planning for Long Term Care" section, or contact Genworth at 888 GENWORTH.

## Endnotes

1. Social Security Administration, 2010
2. U.S. Department of Health and Human Services National Clearinghouse for Long Term Care Information, 10/22/08
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