Genworth

A Way Forward: Highlights from

Beyond Dollars 2013

Our latest insights on the impacts of long term care

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157453CW 10/09/13

A Way Forward: Highlights from

Beyond Dollars 2013

When a loved one needs long term care, life can get complicated quickly. Family members from across generations and locations may need to juggle schedules and responsibilities to help out. Old family tensions can resurface, while lasting bonds can show their resilience. And, of course, new expenses often emerge.

In the following pages we share the results of our latest Beyond Dollars research on the impacts of long term care: financial, logistical, emotional, and health-related.

Most importantly, we share expert insights on how you can strengthen your own long term care planning process.

Because if there's one thing people who have been involved in a long term care event have to say, it's this:

Start planning now.

About the reseach ›

"Have patience and empathy, and cherish the good memories. Some days are a trial, but in the long run you will appreciate the things you did for that person when they are gone."

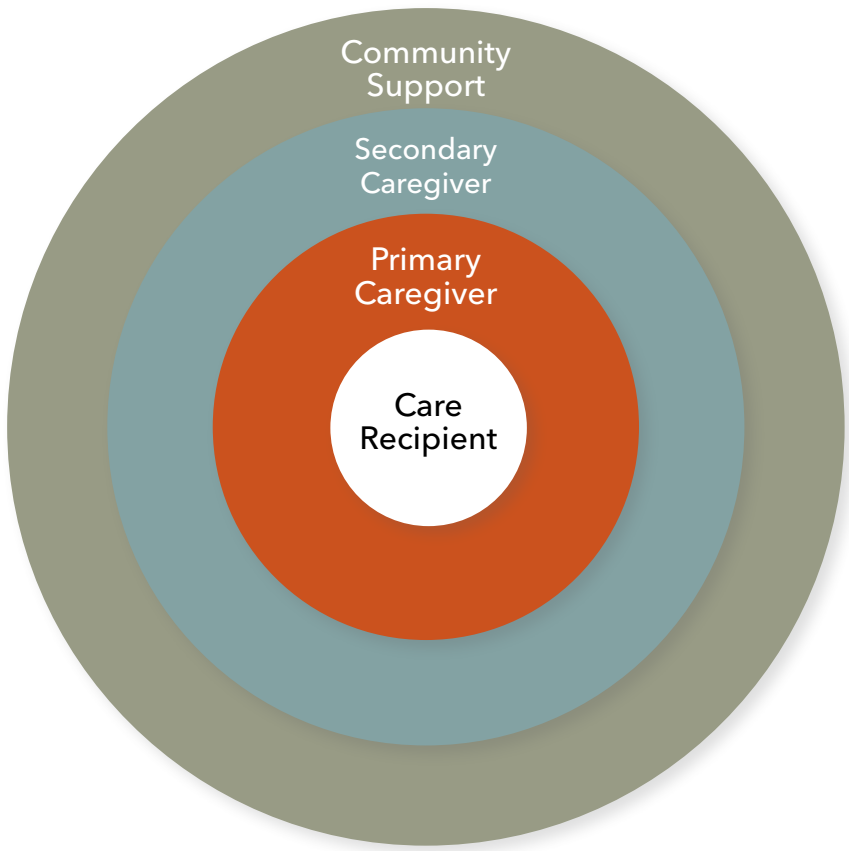
—Caregiver, Father

Impacts that go beyond dollars

Long term care can have a major financial impact (see **Caring can be costly** box at the bottom of Page 6). While anticipating the financial impacts of a long term care event is an important first step, it's really the beginning of a strong plan, not the end.

That's because our research shows that the impacts extend far beyond dollars, into many corners of caregivers' lives. As shown in the figure below, a circle of care often forms around care recipients, made up of people who may provide different levels and types of support.

Long term care can impact these people in many ways, affecting careers and personal lives. And these disruptions can be long term: More than 43% of caregivers say their loved one's need for care lasted three or more years.



The Circle of Care Definitions

Care Recipient

An individual who requires care on a short-term or long-term basis based on physical, mental or medical needs.

Primary Caregiver

Someone who is responsible for providing assistance to the Care Recipient. This person often provides hands-on care and/or financial assistance.

Secondary Caregiver

This person contributes financially and/or physically to a lesser degree than the Primary Caregiver.

Community Support

Additional support services that may provide assistance. These often include friends, neighbors, religious organizations, non-profits and other community service groups.

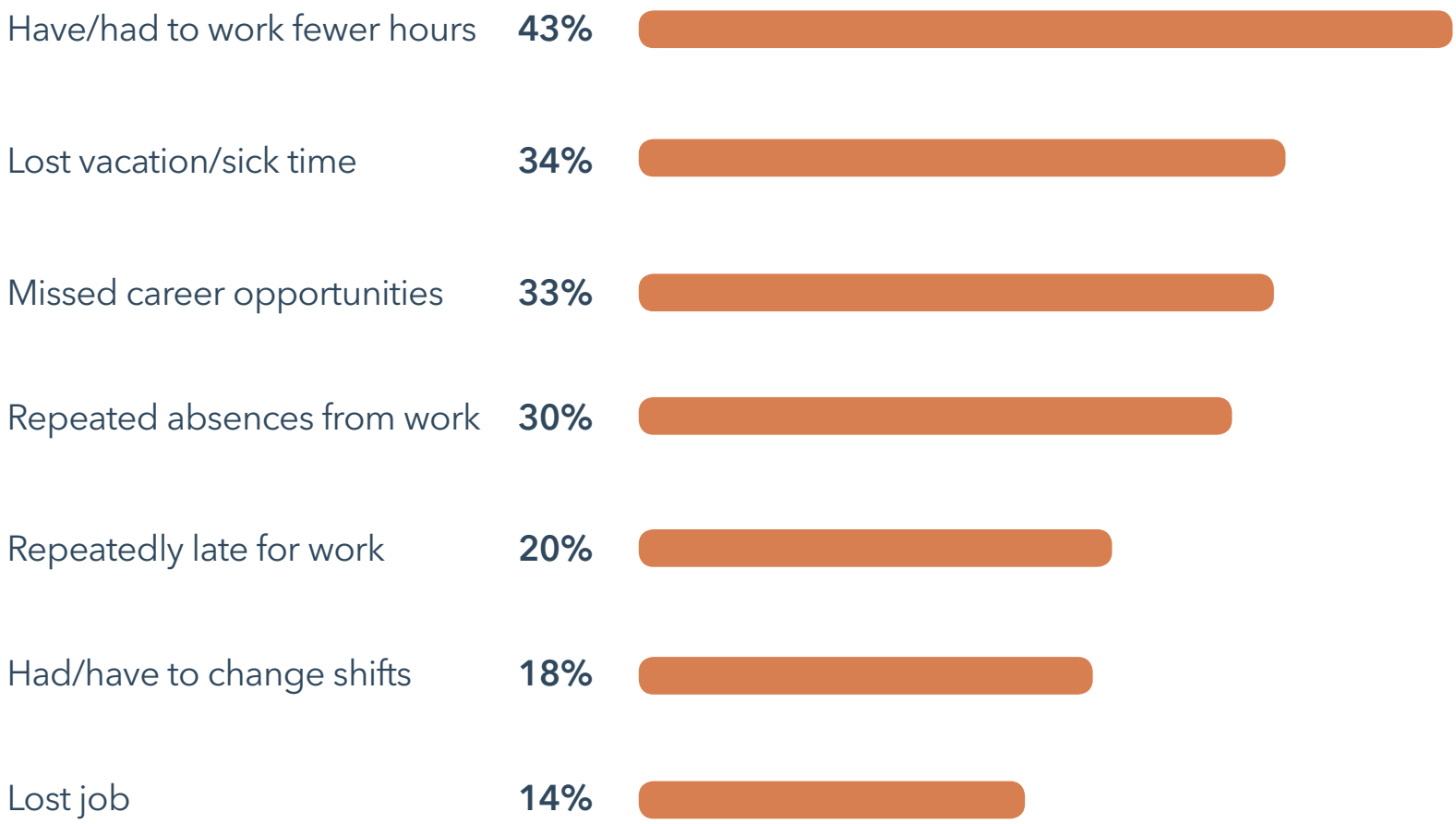
Impact: Less focus on careers

One third of caregivers had provided **30 or more hours** of care per week. The average weekly time requirement: **21 hours.**

Overall, **65% of caregivers had missed some work.** This took a wide range of forms, from having to work fewer hours, to repeatedly being late or absent, to losing jobs or having to change career paths (Figure 1).

53% **more than half** of caregivers and care recipients had lost income due to the demands of providing care.

Figure 1: Caregivers report many negative impacts on their careers



Impact: Less time for life

53%

more than half of caregivers had lost personal time, which can impact relationships and well-being.

Caregivers' loss of personal time can have a negative impact

37%	of caregivers indicated their relationship with their spouse/partner was negatively impacted
34%	indicated a negative impact with their family in general
46%	say providing care impacted their personal health and well-being
47%	experienced negative feelings such as depression
32%	said the situation affected their stress levels

Care recipients feel stress too: 52% of care recipients stated they experienced a high degree of stress related to long term care.

34% Of caregivers indicated a negative impact with family in general.

47% Of caregivers experienced negative feelings such as depression.

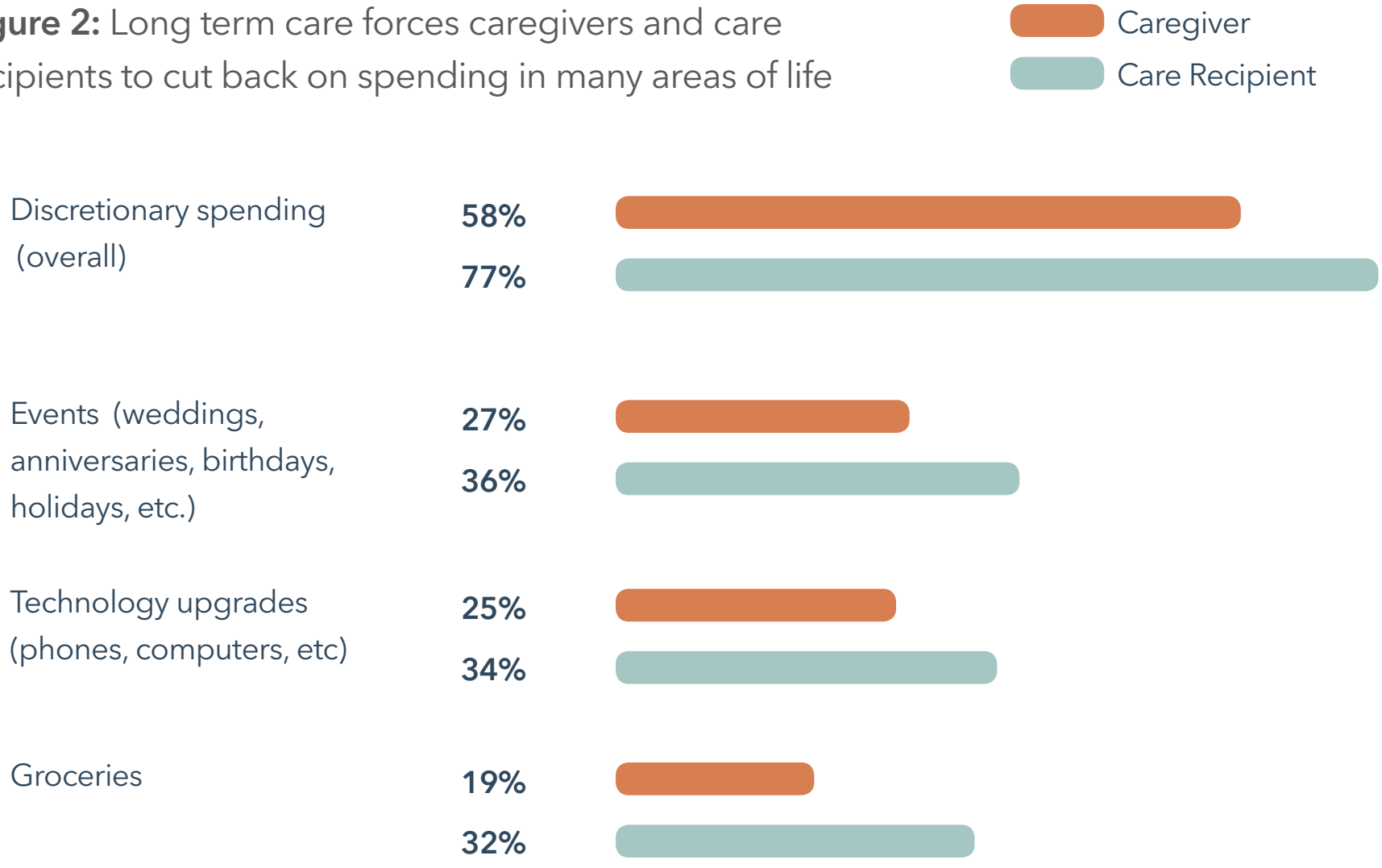
52% Of care recipients experienced a high degree of stress related to long term care.

Impact: Less money for the little extras

It's the little luxuries and indulgences that can make tough times more manageable. Unfortunately, **more than half** (58%) of caregivers reported cutting into such discretionary spending, including eating out, buying new clothes, or buying a new car because of their care-related responsibilities (Figure 2). **More than one in four** (27%) had spent less than before on events such as birthdays and anniversaries.

As shown in the figure, **care recipients are being impacted** in these areas to an even greater extent. 77% have cut back on discretionary spending, and more than a third (36%) have spent less on family events.

Figure 2: Long term care forces caregivers and care recipients to cut back on spending in many areas of life



Caring can be costly

Caregivers often find themselves helping to pay for long term care-related expenses. In fact, our research shows caregivers spend an average of $8,000 of their own money when providing care for their loved ones. And almost 60% of caregivers had cut their own discretionary spending to help loved ones cover these costs.

The magnitude of long term care costs can require people to devise whole new financial strategies.
The goal: Protect hard-earned assets and savings that are intended for retirement or future generations.

A way forward

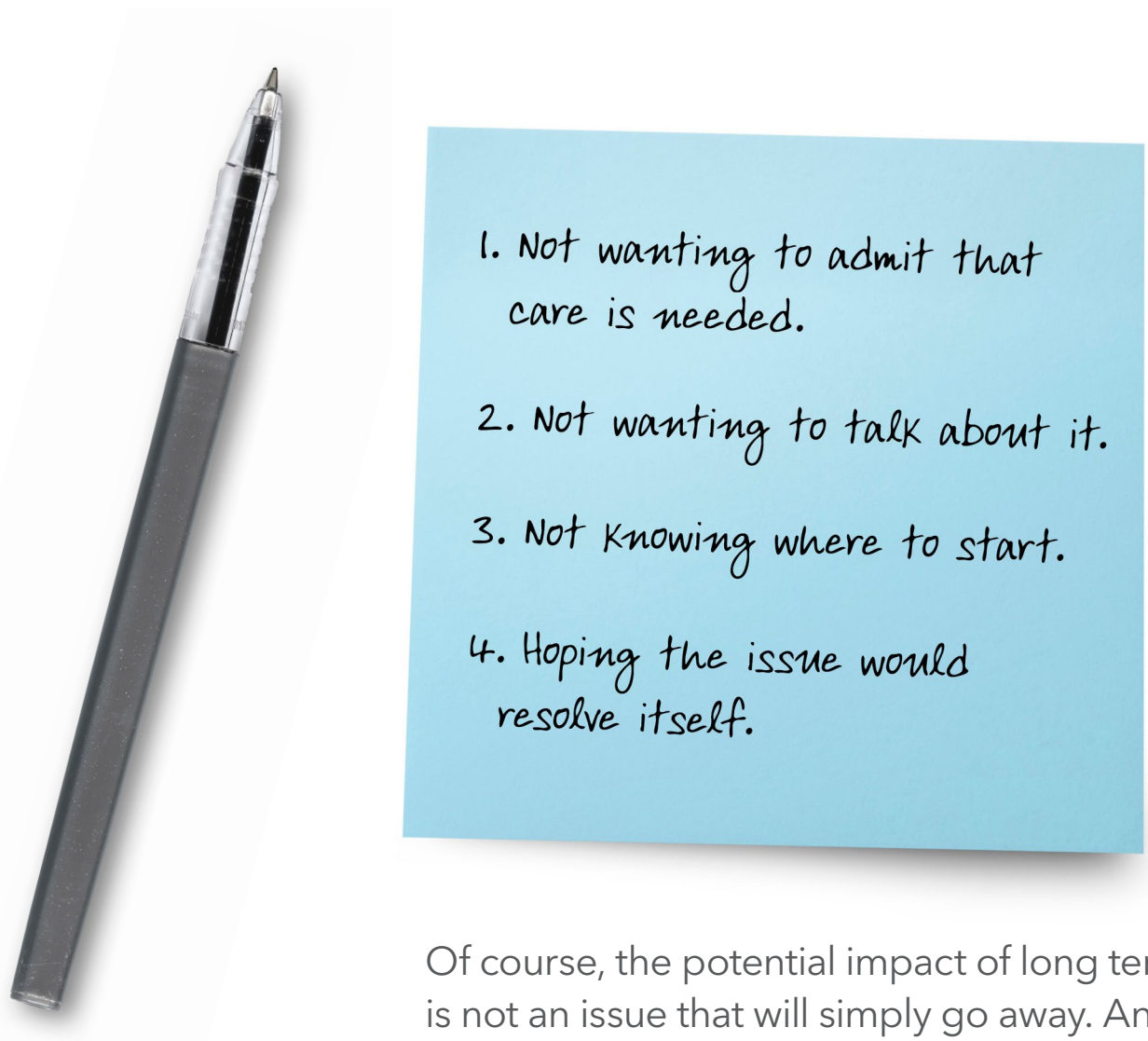
The good news is that long term care can be anticipated and planned for. Even better, our research shows such planning really can reduce the impacts of long term care on lives and finances.

In fact, one out of two caregivers said they wished they had taken steps sooner—although only 23% actually had made any plans for a long term care event in the family. Clearly, getting started is easier said than done.

The financial incentive is there: Caregivers estimate they could have saved nearly $11,000 on average if they had made long term care arrangements earlier.

So why didn't they?

According to our survey, the top reasons for not taking action sooner included:



Of course, the potential impact of long term care on your family is not an issue that will simply go away. And government statistics show that **people over 65 have a 70% chance** of needing some form of long term care.*

* 2014 Medicare & You, National Medicare Handbook, Centers for Medicare and Medicaid Services, September 2013

23% Of caregivers had actually made plans for a long term care event in the family.

70% Of of people over age 65 will need some form of long term care.

Four principles of long term care planning

Olympic Gold Medalist and Genworth National Spokesperson Wendy Boglioli provides **four principles** to help you get started on your own planning process: think past the present, enlist an expert, consider family realities, and put your plans in writing.

WBoglioli

1 **First principle** Think past the present

It's the nature of life: Today's goals and challenges consume the majority of our energy and thought. Family life, work life, social life—they all expand to take up as much space as you have available.

So tomorrow sometimes goes unplanned. While that's natural, it's not always optimal. Cultivate an interest in your financial future. Start with the fun things: How much money will you need to pursue your interests and passions in years to come? That can get you thinking about what your income will need to be, and how much you'll need to save to get there.

Now consider how much long term care could cost in your area (check out costs at genworth.com/costofcare).

Genworth's claims data shows that the average claim lasts about three years.* **By planning now for these costs, you can help avoid an unexpected impact to your overall retirement strategy.**

* Represents combined data for Genworth Life Insurance Company and affiliates including Genworth Life Insurance Company of New York. Long Term Care Claims Experience Data, December 1974 through 6/30/12.

2 **Second principle** Enlist an expert

While you can start the planning process on your own, it can be extremely helpful to enlist the help of an expert advisor. Some financial professionals specialize in long term care planning, while others focus on retirement income planning, or other areas.

You don't necessarily need to start with a long term care expert, but you may want to seek one out as your knowledge level increases and your questions become more specific. Many financial planners will be happy to refer you to a trusted long term care planning expert who can help with the "nuts and bolts."

The right financial professional can serve as your coach, and help you make informed decisions. He or she can guide you through tough tradeoffs, encourage you to raise difficult topics, transform your goals and concerns into a clear plan, and empower you to overcome the psychological and financial roadblocks in your way. **A good financial professional brings structure to planning, and makes sure you're thinking about tomorrow as well as today.**

Four principles of long term care planning (CONTINUED)

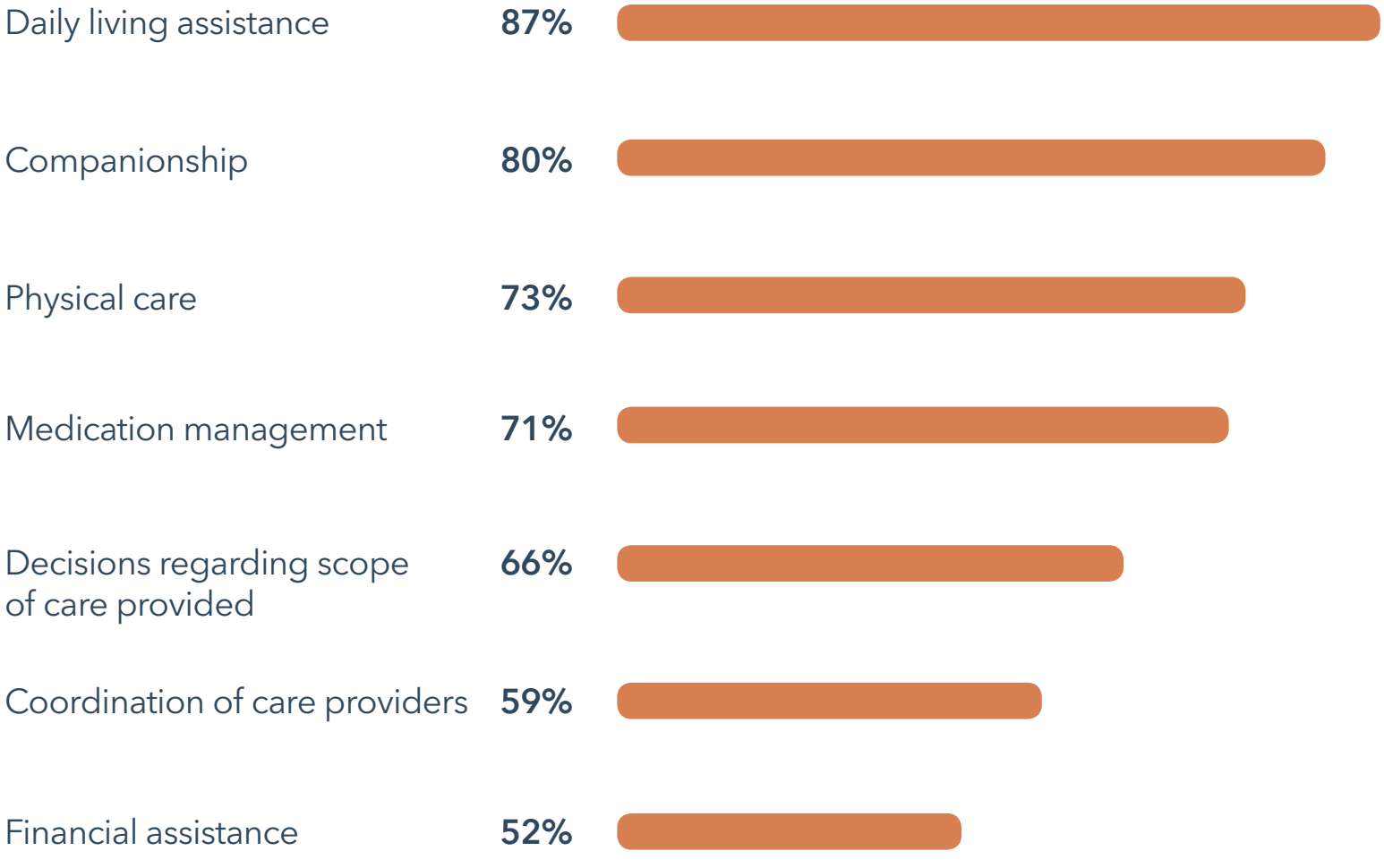
3 Third principle Consider family realities

Long term care events can affect many different people in a family. Anyone potentially impacted by a long term care event should be involved in the planning. Are they really willing and able to pitch in when the time comes? Is there anything they'd rather not be asked to do? (See Figure 3 for some real-life long term care-related duties.)

Some family members may be more comfortable contributing financially than physically, and vice-versa. And some people in the family may not want to be involved at all. Family dynamics can be complex and challenging, so it's important to have an honest discussion up front, before a crisis hits.

It's also crucial to consider how your family will evolve. How could a key caregiver's financial or physical status change over time, and how would that impact their role during a long term care event? **Don't assume that what works today would also work in 10 or 20 years.**

Figure 3: Specific types of help provided by caregivers



Four principles of long term care planning (CONTINUED)

Until it's written down,
any plan is just a collection
of goals and ideas.

4 **Fourth principle** Put it in writing

Would you launch a business without a written plan? Probably not. Yet many people run their financial lives—and prepare for their financial futures—without a written strategy.

Until it's written down, any plan is just a collection of goals and ideas. Pulling these goals and ideas together into a written plan—and supporting them with a thoughtful strategy—can help ensure you act on them. It can also give you a sense of relief that you have a plan in place, freeing you up to think about other things.

Just because you've written your plan down doesn't mean it cannot change. In fact, if you're planning early enough it probably should change. Your life and family situation will evolve, as will your finances. Your long term care plan should evolve too. **Monitoring your changing goals and adjusting your plan accordingly can help you stay on track.**

Is there a role for insurance?

Your long term care strategy will only be as strong as its individual pieces. One way to bolster your plan is to consider making long term care insurance part of it.

58%

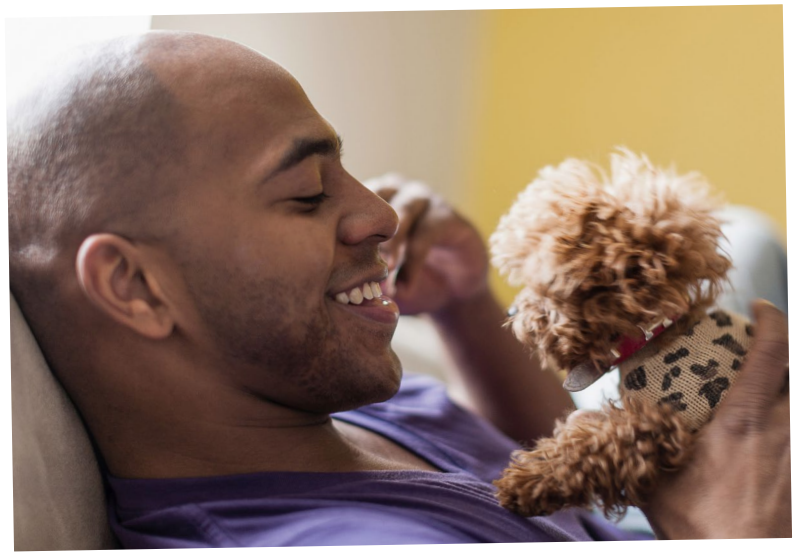
of survey participants **without** long term care insurance believe care recipients would have benefited from having it.

Our **Beyond Dollars** research reveals that long term care insurance can help mitigate negative financial and emotional impacts on both caregivers and recipients. In fact, caregivers whose care recipients who had long term care insurance were less likely to:

- Have less time to take care of themselves
- Experience depression, sleep deprivation, insomnia, weight gain, or a sense of isolation related to providing long term care
- Have to contribute to their care recipient's daily living costs, incur costs due to running errands, or purchase medications

On the other hand, the majority (58%) of survey participants without long term care insurance believe care recipients would have benefited from having it.

Is there a role for insurance? (CONTINUED)



Those survey participants who thought care recipients would have benefited from having long term care insurance said they thought:

- Long term care insurance would have helped relieve the financial burden of long term care, and lessen strain on the family
- They would have "rested easier" knowing that their care recipients were covered
- Care recipients would have been provided with a better quality of life and a higher level of care

How can an insurance policy have all these effects? By giving caregivers and recipients a sense of certainty in a very uncertain period of their lives (see Figure 4).

Long term care insurance pays regular benefits on a predictable schedule, for a pre-determined length of time. It can lessen the need to "find money" to pay for care or scramble to make sure someone is available to help at all times. Long term care insurance can help reimburse informal caregivers, and can empower them to get help and avoid burnout.

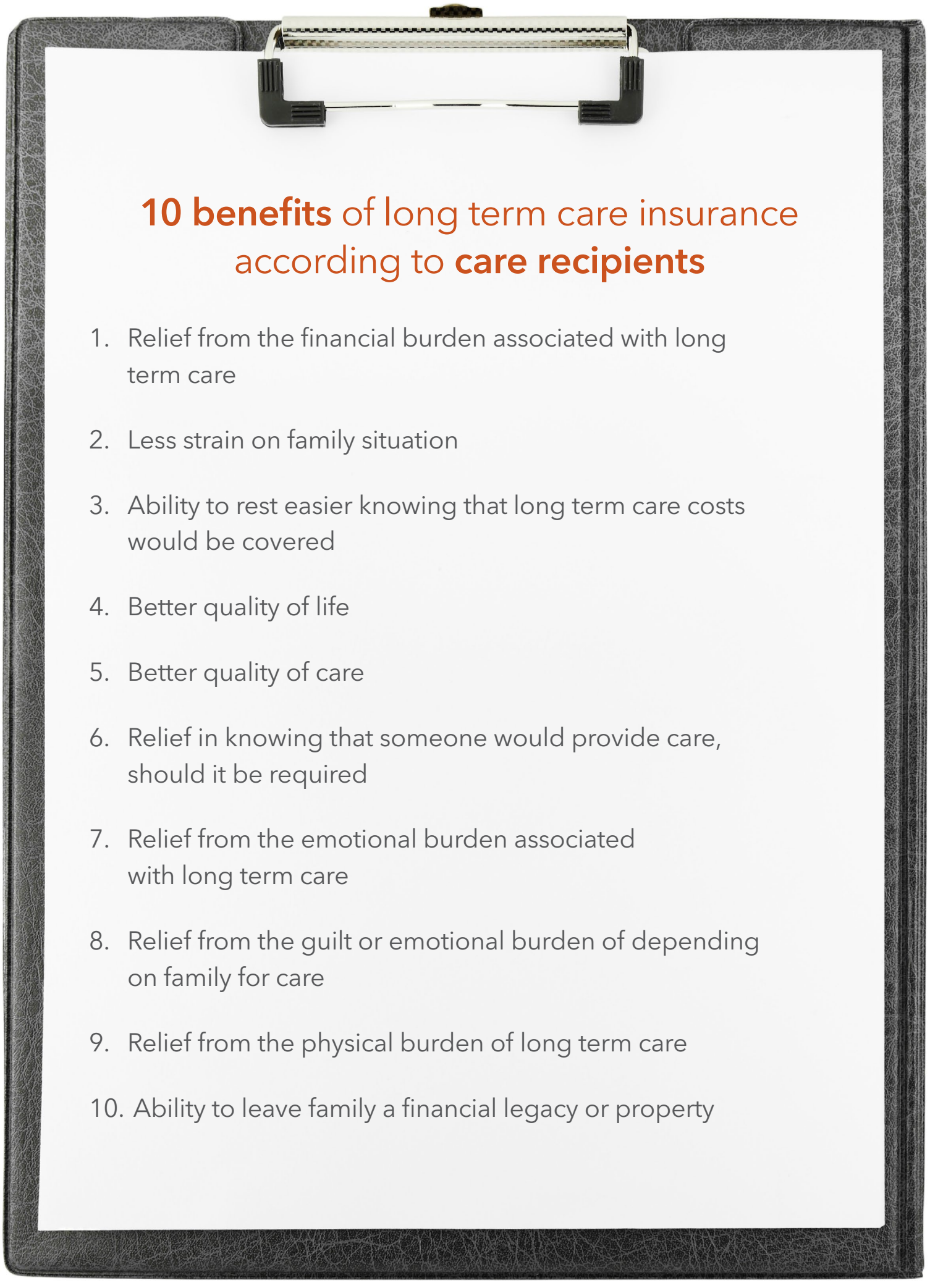
what people have to say:

"Now I have no time for developing new relationships. Old relationships are reduced to phone, email, rather than meeting in person or going out. I cannot travel to visit people."

"I have grown closer in my relationship to my father since his needs have been addressed."

"I wish I would have taken care of this sooner. It could have been less stressful or avoided entirely."

Figure 4: Caregivers and recipients believe long term care insurance could have helped



Taking control of the future

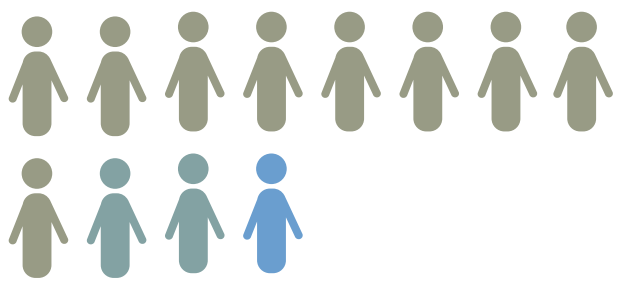
Long term care is something many people will need as they age. Genworth's **Beyond Dollars** research shows that this care can impact people and families in many different ways. Caregivers, in particular, report that long term care events affected their finances, careers, lifestyles, health, relationships, and state of mind.

Many of these impacts can be managed more effectively with planning. A long term care strategy can help families and individuals formalize their wants, needs, and goals. Plus, our research reveals that those who have been through a long term care event wish they had started planning earlier, and believe more planning could have saved them thousands of dollars. The findings also confirm the value of long term care insurance to those who have been through a long term care event.

Here's the challenge: It's not always easy to broach the topic of long term care with the people you love. Using the four principles outlined in this paper, you can move past this obstacle, and make plans to take control of the future.

About the Research

During 2013, Genworth conducted the Beyond Dollars study in connection with Directive Analytics. This study surveyed 899 people providing long term care to loved ones (caregivers), **203 care recipients,** and **106 family members** who had detailed knowledge of a family member who needed long term care (but not responsible for providing the care).

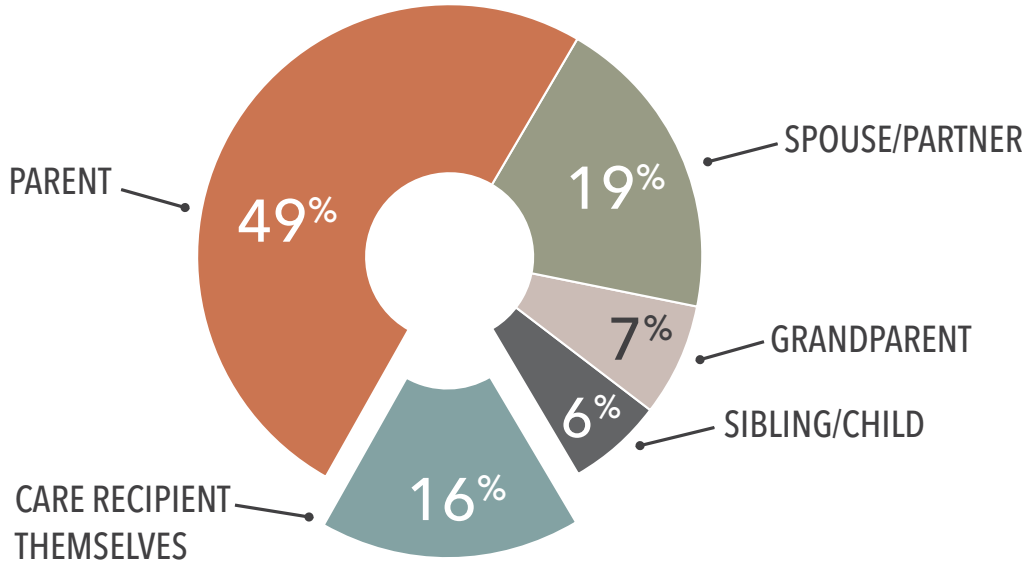


899 Caregivers

203 Care recipients

106 Family members with detailed knowledge

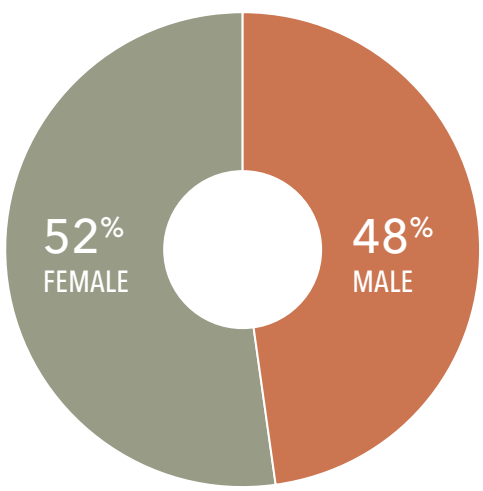
The study respondents interviewed were caring for:



CAREGIVERS

Average age

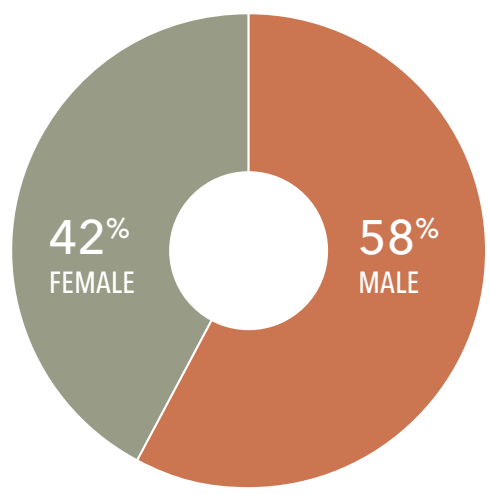
61%
Married



CARE RECIPIENTS

Average age

49%
Married



For more information visit:

genworth.com/lets-talk

For help getting your important conversations started, visit 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 you and your loved ones

genworth.com/costofcare

To see how much different levels of care cost in your specific area or any other areas of interest within the United States, visit genworth.com/costofcare.

MyLifeMyFamily.com

caregiveraction.org National Family Caregivers Association

caregiving.org National Alliance for Caregiving

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