EQUITABLE

Connecting the dots between aging at home and long-term care protection

White Paper

A new way of presenting the value of long-term care protection products

A white paper by Dr. Sandra Timmermann

About Sandra Timmermann, Ed.D.

Dr. Sandra Timmermann is nationally recognized for her work in aging, retirement and the application to business. Most recently, she was a visiting professor of Gerontology and Retirement Living at the American College of Financial Services, and currently serves as a special advisor to the Board of the Retirement Income Industry Association, and a consultant on retirement issues. She founded the MetLife Mature Market Institute and held senior staff positions at several aging organizations, including the American Society on Aging, AARP and SeniorNet.

Equitable is proud to establish a relationship with Dr. Timmermann to deliver training for financial professionals around the issues of aging, retirement life stages and long-term care protection, as well as informational materials and seminars for their clients. This paper provides guidelines for financial professionals who want to have a better long-term care discussion with their clients by connecting the home with the protection their clients need.

Table of contents

4 Framing the issue: The age 50+ consumer

6 The link between housing and care as clients age

7 Aging at home: Inroads into a long-term care discussion

13 Helping clients think things through: Communications and positioning

16 Summary

Introduction

When you're sitting down with your clients to talk about financial or retirement planning, do you ask them about their home? Do you know where they'd like to live as they grow older or if they develop a disabling condition? Many financial professionals don't. If talk of the home and living situation occurs at all, it focuses on the early years of retirement, when people dream of buying a second home, moving to a warmer climate or relocating closer to family.

Talking about where to live at various stages in the retirement lifespan is relevant not only to your clients, but also to their spouses, adult children or others who will end up caring for them. By including housing in the discussion, you are not only selling a product. You are making a real difference in their security and quality of life.

When a health crisis occurs, however, housing is always at the heart of the conversation:

- "My wife fell and now can't get upstairs."
- "Dad's memory isn't what it used to be and he shouldn't be living alone."
- "My parents can't drive anymore, and they are isolated in their house."
- "Is there enough money to pay for care and services at home?"
- "Where do we find good home care?"

Framing the issue:

The age 50+ consumer

Greater numbers will need long-term care

There are two important reasons why long-term care planning needs to take place:

1 The Boomers, born between 1946 and 1964, are now already retired or thinking about it. It's a very big cohort. And there are more younger boomers than the older ones. They are the ones who are transitioning to retirement and are good candidates for a long-term care discussion.

2 Longevity rates are increasing and the age 85+ cohort is growing at a fast rate. A man who reaches age 65 can expect to live to age 84.3 and a woman, age 86.6.[1]

The result is that more people will reach old age. One of the downsides of long life, however, is that the older you get, the more likely you are to develop chronic health conditions.

Life changes across the retirement continuum

Retirement is more fluid than it was in the past. Retirees today are healthier, work longer, often go back to school and do their best to stay "in the game." Despite that, there are still some distinct stages in the later years of life as people move from their 50s into their 60s, 70s and beyond. The chart below uses arbitrary chronological ages, although in the new retirement, it is more about function than chronology. Nonetheless, most people will eventually move along this continuum as they age.

The Retirement Life Stage Continuum: Needs Change Along the Way

Pre-Retirees	Retirees in Transition	Experienced Retirees	Deep Retirees	Elderhood
Ages 45-55	Ages 55-65	Ages 65-75	Ages 75-85	Ages 85+
	Young-Olds	Young-Olds	Middle-Olds	Old-Olds

1 Social Security Administration website, https://www.ssa.gov/planners/lifeexpectancy.html.

As people move along the continuum, they think holistically about many things, not just a spreadsheet. Many in financial services find that their clients want to focus on the early retirement years and the things that they have been looking forward to, like travel and pursuing personal interests. Replacing income and employee benefits, and making sure they have enough assets to last a lifetime are top of mind. It's harder to get them to focus on the years when they might be less mobile and in need of assistance.

Their thinking changes, however, at later stages as they move through the continuum. When they reach their mid-70s and beyond, it gets more difficult to ignore the reality of mortality. Health issues and costs are more likely to be on their minds. And they are much more aware that they might need extended care, or they might have already faced that reality. By that age, having conversations about how they will cover long-term care costs are likely to be part of the discussion. But at that point, it may be too late. Which is why you need to raise the issue early.

The Retirement Life Stage Continuum: Needs Change Along the Way

Pre-Retirees	Recently Retired	Deep in Retirement
• Replacing income? • Replacing benefits? • Medicare options? • Work longer? • Aging parents? • Stay or move? • Family responsibilities? • Retirement goals? • Enjoyment? • Volunteer more?	• Expectations met? • Change in health status? • LTC concerns? • Finances secure? • Happy or bored? • Legal papers? • Family concerns? • Giving back? • Life goals change?	• Suitable housing? • Who will provide care? • Care plan in place? • Family conversation? • Downsize/declutter? • Papers in order? • Non-financial legacy? • End-of-life wishes? • Funeral plan? • Life goals now?

The link between housing and long-term care as clients age

Clients want to remain at home as they age

So how does the home fit into a client's retirement and long-term care plan, and why is the connection so important? There are three important elements of the home that intertwine:

1

Financial

The home often represents the biggest asset or a large part of a client's balance sheet. It can be used as a financial tool — to downsize and use the money for income, or to draw equity from, such as with a reverse mortgage.

2

Physical aspects of the home itself

Whether it is conveniently located, how much maintenance is required and its suitability for retirement living once the children are grown and off on their own.

3

Perhaps the most powerful is the emotional connection with the home

The place we love, the familiar surroundings and the nest we retreat to for peace and enjoyment. Our homes may not be the ideal place to age in place, and there may be financial and other logical reasons to move, but the emotional connection to stay at home indefinitely trumps it all.

Most people, when asked, say they want to be at home when they age. According to AARP research, **87%** of adults age 65+ want to stay in their current home as they get older. Among people ages 50 to 64, **71%** want to age there.[2] It's worth noting that even if people move, they still want to age in their new home, not in an institutional setting.

2 AARP Public Policy Institute, "What is Livable? Community Preferences of Older Adults," April, 2014.

A need to think about housing earlier

In the early retirement years, there isn't much thought about housing suitability for aging. In fact, a recent study found that half the people who moved in retirement didn't downsize, and 30% of those who moved, actually upsized.3 By mid-point, however, house-dwelling retirees usually recognize that their house is too big, that it requires a lot of maintenance and that it is not "age friendly." The conversation usually turns to being burdened by "too much stuff" and the bittersweet recognition that their adult children don't want the once-treasured keepsakes or even the bone china and crystal.

By the time clients are deep in retirement and if they still haven't given housing much thought, it's possible that their physical energy will be sapped or a crisis will occur, so they simply stay put. The end result is that someone else (probably an adult child) makes a housing decision for them, perhaps moving them prematurely to an institutional setting.

What Retirees Are Thinking About Housing

Pre-Retirees	Retirees in Transition	Experienced Retirees	Deep Retirees	Elderhood
Ages 45-55	Ages 55-65	Ages 65-75	Ages 75-85	Ages 85+
• Not likely to move • Could move for amenities or location • Not thinking much about housing and LTC link • Aging parents create some housing awareness		• Reality setting in • Likely to have some health issues • Anxiety about "too much stuff" • House is not "age friendly"		• Inertia reigns • Care crisis creates need for a move • Loss of control • Children make decisions

3 Merrill Lynch/AgeWave, "Home in Retirement: More Freedom, More Choices," 2015.

Aging at home:

Inroads into a long-term care discussion

It all sounds very logical to begin long-term care and housing discussions — the need for care, how to pay for it, who will provide the care and where it will be delivered — at least when people are in their late 50s and early 60s, but the truth is most don't want to think about it so they put any conversations about it off the table. That's a mistake. Requiring long-term care services may or may not happen, but the probability is about 50%.[4] Not everyone will need the type of extended care that meets the criteria for long-term care coverage, but the odds increase as age increases.

Needing long-term care: An unpleasant discussion

The thought of nursing homes and our own frailty creates negative images that are unpleasant. Add to that the fact that we live in a youth-oriented society where employment is synonymous with productivity, and those "at leisure in retirement" are perceived to be using up entitlements and not contributing to the Gross National Product (GNP). Age discrimination, as subtle as it may be, does exist, and it rubs off on the retirees themselves.

The old vision of a retiree sitting on the front porch with nothing to do is far from the reality these days — retirees are active and making significant contributions to their communities and their families up until the end of life. Age denial is real, however, as illustrated by the rise in anti-aging skin care products, Botox, blond-haired 90-year-olds, the silver fitness craze and the belief that if you just take care of yourself, you will dodge the long-term care bullet. Add to that the high cost of care and insurance that you may never use, and it's easy to understand why people put off the discussion.

But deep down, clients are worried. When asked what their major concerns are about retirement, long-term care rises to the top. One study found that "providing for you/your spouse's/partner's long-term care needs" and "being able to afford healthcare in retirement" were the two major concerns, even above "having enough money to live comfortably in retirement."[5] Another study found that health care costs were the greatest financial concern in retirement, but that seven out of ten married pre-retirees have not discussed how to pay for it or for long-term care.[6]

There is, in fact, a disconnect about this hidden concern and how financial service professionals handle it. A study of widows and widowers by the Retirement Income Center and the Center for Women at the American College of Financial Services found that widows were more concerned than widowers about needing care and being able to stay at home, but very few advisors had brought it up in planning sessions.[7]

4 Department of Health and Human Services, Administration for Community Living, longtermcare.acl.gov/the-basics/who-needs-care.html, 2017.

5 MetLife Mature Market Institute, "The MetLife Report on the Oldest Boomers," 2013.

6 Merrill Lynch/AgeWave, "Health and Retirement: Planning for the Great Unknown," 2014.

7 Timmermann, Sandra, "Widows, Widowers and Their Advisors: A Glass Half Full," InsuranceNewsNet Magazine, April, 2017.

A good solution: Aging at home, not a nursing home

The old way of thinking about housing and long-term care was linear. As people aged, they moved from their home to supportive housing to assisted living and then finally to a nursing home. That model is not appealing to the vast majority of people. Fortunately, there is a new way of thinking — that people should be able, with supportive services, to stay at home until they die or until their impairments require more intense care.

Interestingly, the government is taking the lead in this new thinking in public assistance programs. They are responding to people's preferences and mostly likely see it as a way to save Medicaid dollars. The number of nursing home beds has diminished, and instead of moving people who really do not the need high levels of care in institutions, the focus is now on "community-based long-term care services and supports." However, there is a missing link in this policy direction. The community-based government infrastructure isn't robust enough to care for all the long-term care needs people have, and family caregivers may bear the brunt of the change in policy.

For those who have the resources and plan ahead, however, the story is different. By having money to pay for care and other services, the home can become the best place to grow old.

> That is **one of the major benefits of long-term care coverage** — enabling people to stay at home longer or until end of life.

Home care services: Expensive but more cost-effective

According to cost of care studies, rates continue to rise for all long-term care services; home care services are no different. The 2016 median rate for homemaker services (cooking, chores and companionship) is $20 an hour, up 2.6% since 2015. The median rate for home healthcare (hands-on personal assistance, but not medical care) is $20 an hour, up 1.25%. At 44 hours per week, the average rate for a home health aid is $3,861 per month.[8]

Average assisted living base costs may seem comparable ($3,628 per month), but there are often hidden fees for things like extra personal care, medication management, and dietary requirements. And unlike care at home, it is harder to find a way to stretch the dollars. One way to make the money go farther is to tap into community services such as adult day care, where the care recipient can go for all or part of a day, participate in activities, and be supervised. Adult day services are $68 per day on average.[8] Also, if the family can provide some hours of care, 10 hours of home care per day may not be necessary; paid care plus family care is a good combination. Or perhaps a family member, instead of giving up income from a job, could be paid by the care recipient for caregiving. The combination of family care and paid care, in the long-run, will enable people to stay at home longer and enjoy a good quality of life.

8 Genworth, Cost of Care Survey, 2016.

Home care services and community resources

With the focus on remaining at home and aging in place, more community-based services are springing up around the country. This trend is important to note, as it makes it easier for people to envision what an age-friendly community might be like. Also, one of the difficulties of aging at home is how hard it is to coordinate services. Progress is being made.

Towns, cities and states often provide a range of low-cost services, such as transportation to doctor's appointments and home delivered meals-on-wheels. These services can be accessed by contacting the local Area Agency on Aging (often under a different name) and/or the Eldercare Locator (www.eldercare.gov) or a local senior center.

In addition, more small businesses are being established to meet the growing need for those who are aging at home. These fee-based services range from geriatric care management to home remodeling to pet sitting. New innovative community models are also under formation. One is called Continuing Care at Home (often sponsored by a care facility) where people pay an upfront and monthly fee for being assured that they will have home services as long as they live at home. Another is the Village to Village Network that currently has about 200 Villages in operation or in formation. For a small membership fee, a concierge plans neighborhood activities and can provide information to the Village members about vetted home care agencies, repair services, etc. It is also built around volunteerism, so members can help each other.

Linking with Community-Based Long-Term Care Services

Health and LTC-Related Services	Home and	Professional	Government/
• Home health agencies • Medical/dental/mental health • Hospitals • Geriatric care management • Pharmacies • Acupuncturists	• Real estate agents • Home remodeling • Moving services • Retirement communities • Home care agencies	• Elder law attorneys • Funeral homes • Appraisers and auctioneers • Financial and bank services	• Senior centers • Adult protective services • Adult day care • Meals-on-wheels • Alzheimer's association

The combination of family care, government social services, fee-based services and paid care, in the long run, will enable many to remain at home and to enhance their quality of life. Client discussions often do not reach this level of detail, but it might be worthwhile to get to know not only about the cost of home care, but also what is available in a local area. This can also be helpful to clients who have aging parents and may become (or already are) caregivers.

Home care services: Helping the family, not just the client

Families often provide the lion's share of care. The dollar value — what the government would have to pay if families didn't provide care — is estimated at $470 billion.[9] One in five households is providing care. The majority of caregivers are in their late 40s or early 50s, which are prime working years, though one in 10 are spouses.[10]

The average duration of a caregiving experience is 4 years. The higher-hour caregivers are four times as likely to be caring for a spouse. Ironically, spouses who are the same age as the care recipient may be frail or experiencing some physical or mental challenges of their own. The result is that they often neglect their own health, and because of the physical and emotional difficulties in providing care, end up getting sick and needing care themselves.

Often discussions with a client don't include the ramifications of relying solely on the spouse or adult children if care is needed, or putting off decisions which eventually necessitate the adult child to drop everything and deal with Mom or Dad. Without a plan, adult children may end up being in control of where a parent should live, and may make decisions that are not what their parents really wanted.

Family caregivers provide care for a long time, and often begin the journey not realizing the path ahead.

9 AARP Public Policy Institute, "Valuing the Invaluable: 2015 Update," July 16, 2015.
10 National Alliance for Caregiving and AARP, "Caregiving in the USA," June, 2015.

Age-friendly houses: Essential for remaining at home

Many of the homes older clients live in are not suitable for their lifestyle and life stage. If your clients are moving, they may want to consider homes that need minimal or no maintenance, with bedrooms on the ground floor, and retail shops and healthcare nearby. However, most people want to stay in their current home, or in their newer home, which may not be "age-friendly" either. Retrofitting a house in advance of need is money well spent. Builders of new developments usually include grab-bars in bathrooms, "comfort-level" toilets, easy-to-turn faucets, low kitchen cabinets, wider doors and other accommodations for people as they age. The same can be done in older houses — and still be attractive additions — at a fairly low cost. Having a bedroom and laundry room on the first floor is a great start. Then, as needs change, ramps and other alterations can be installed to make life easier.

There are also plenty of small things that can be done at no cost right away. Those in the aging field suggest doing a home audit to make sure that people don't trip on extension cords and rugs, for example. When older people fall and break a hip, it can be the turning point for them, and they can end up in an institutional setting. Technology in the home can also enable people to feel safe and connected to others, to say nothing of alleviating the concerns of adult children. Monitoring devices such as Lifeline and remote blood pressure monitoring can make it easier for people to remain at home. And for those who can't get out very often, the internet and online networks for caregivers or the homebound are invaluable.

Decluttering is a topic that older clients inevitably face. It's a dilemma to divest of the worldly goods collected over a lifetime, and perhaps were even inherited from their own parents. Usually, children don't want what the parents have. If people wait to deal with their "stuff" into their late 70s and 80s, when energy le vels are lower, it's likely that they may do nothing at all. Clutter can be a physical and mental hazard. There are people who specialize in helping people sort, sell and distribute their accumulated goods, a service worth knowing about. Many adult children who are clients may have to face cleaning out Mom and Dad's houses when they die; not a pleasant prospect if the house is chock full of things.

> Part of planning for aging in place is evaluating what a home will need over time. Estimating costs for the changes that are needed to remain at home safely should be discussed and factored into planning for long-term care.[11] It is smart not to wait until a crisis occurs and to get started on remodeling or retrofitting at retirement or before.

11 MetLife Mature Market Institute, "Aging in Place Workbook: Your Home as a Care Setting," November, 2010, is a good resource. https://www.metlife.com/assets/cao/mmi/publications/studies/2010/mmi-aging-place-workbook.pdf.

Helping clients make a long-term care decision:

Some strategies

Putting all the pieces together and helping clients address where they would like to grow old isn't always easy. Asking some probing questions that put together housing with finances, health concerns and support from family may help them be realistic about their own aging and the need to plan ahead. It's neutral territory to start talking about the house and gradually move into more sensitive areas.

Ask questions

- Do you plan to stay in your own house? If so, how long?
- If you have thought about moving, where would you go?
- What type of house would you buy?
- If you became a widow or widower, or are currently on you own, if something happened to you, could you live alone where you are without support?
- What kind of support would be needed?
- Can your spouse take care of you if something happens, and vice versa, can you take care of your spouse if something happens?
- Do you have adult children and, if so, do they live nearby?
- Realistically, how much can you and should you expect from them?
- Do you want to live as long as possible in your home or move to assisted living or another setting?
- If you do want to remain at home, have you estimated home care costs?
- Do you know the services available in your community?
- How much care do you think you will you need?
- How will you finance home care?
- Is your home suitable for aging in place?
- If not, can you make some adjustments now or move to a new home?
- What happens if you become incapacitated and have not made plans?

Use psychology in communications

As people age and move from the early to mid and then later retirement, the recognition of the finite nature of life — and the fact that they will die someday — becomes more and more apparent. As they acknowledge that they are moving into a new life stage, they have certain attitudes, fears and hopes for the future that may get in the way of planning. A few touch points are:

Valuing independence

Americans, and especially older Americans, value their independence. Older people in other cultures often expect to move in with their children, but up until now, this has not been viewed as a viable option in the United States, either for older or younger people. Help clients understand that long-term care planning will allow them to stay independent and in their own homes longer.

Fear of aging

As discussed earlier, most people are trying hard to stay young, or certainly to remain as healthy as they can to ward off the ravages of age. Because of the culture's focus on youth, denial of aging is a part of the American psyche. When talking to clients, don't scare them about the probability of needing long-term care and focus on frailty and disability. Instead, explain that they can stay at home while maintaining as much functionality as possible, as long as the house is set up properly and they have sufficient paid services.

Loss of control and dignity

Older people who become frail or cognitively impaired may ultimately lose control of their lives and the ability to execute their affairs on their own. Others may have to step in to make decisions for them, like moving them into a nursing home when they would rather remain at home. Losing control and no longer being able to take care of oneself is a deep-seated anxiety that the majority of us hold. Helping clients understand that one of the greatest attributes of long-term care planning is that it will enable them to have the outcomes they want, such as staying at home, even if their disabilities make it difficult or impossible to be in charge themselves. Addressing this anxiety in a sensitive way can result in client action now rather than waiting until a crisis occurs.

Family well-being

From the perspective of an older person, leaving a nonfinancial legacy — how he or she will be remembered — is equally as important as leaving a financial nest egg to the next generation. Clients usually don't think in advance about the lasting effects and unpleasant memories that caregiving may have on their family — physically, financially and emotionally. Helping clients understand that putting plans in place to age at home — since the caregiving experience starts there — makes it easier on their family right from the start and doesn't create the need for spouse or siblings to agonize over what decisions to make and how to pay for care.

Financial security

Perhaps the most obvious is the financial importance of long-term care planning, even for home care, which often appears less expensive than institutional care, but can be very costly. Clients who calculate the costs of care in various settings can easily realize that long-term care can derail their best efforts to build a portfolio and have a good income in retirement. A comparison of their future portfolios with and without long-term care protection can be dramatic. But the high cost of long-term care insurance has been a deterrent, and is coupled with the fact that some people may not need it. New product ideas may help people take action. Reverse mortgages may be one way to pay for care. But new products, such as life insurance with a long-term care rider, offer an appealing way to hedge their bets and still come out ahead.

Work backwards

One way to start a conversation is to have people envision their very last years of life while they are still healthy and it is still an abstract thought. The question that can be raised is “Where do you think you will live in the last years of your life?” Clients and advisors can play out different scenarios. Do they want to move in with their children? (Probably not.) Do they want to buy into a continuing care retirement community, which requires advance planning as you must move in when you are in good health? Or would they rather age at home? This approach enables advisors to discuss the issue head on. The theory behind it is once the last years of life are taken care of, people can then plan for their early and mid-retirement with peace of mind.

Start with survival benefits

Discuss very old age

Decide on living and care arrangements

Plan how to cover costs

Then live your life

Summary

Housing and where to live is on the minds of many clients, but often not discussed as part of a retirement plan. The house and what clients' housing plans are as they age are good conversation starters about long-term care needs in retirement. The discussion can include preferences for staying at home or for moving, how housing needs might change over time and what will enable people to remain at home as they age.

Serving as a resource on the cost of care and the resources available in their community will be an extra add-on. Getting to know the professionals and volunteers involved in the aging community will also create good will and potentially become a source of business referrals.

Understanding the psychological aspects of aging — the need that older people have to make sense of their lives and their fears of losing control — should be considered in any discussion of long-term care and where clients hope to spend their later years.

Tackling the thorny issue of where to live in the last years of life when clients are in the preretirement years makes the most sense. They are most likely to be excited about their new life stage while they are in good health. With some advance planning for the possibility of needing long-term care sometime in the future, they can get that out of the way and then focus on **building an enjoyable and fulfilling life in retirement.**

Notes

The Long-Term Care Services℠ Rider is available with Equitable Financial Life Insurance Company and Equitable Financial Life Insurance Company of America's universal and variable universal life insurance policies. It is designed for clients who need both life insurance protection and a relatively affordable, effective way to pay for potential long-term care costs. The Long-Term Care Services℠ Rider is available for an additional charge, and does have restrictions and limitations. Clients may qualify for the life insurance, but not the rider.

Life insurance is issued in New York and Puerto Rico by Equitable Financial Life Insurance Company, NY, NY; and in all other jurisdictions by Equitable Financial Life Insurance Company of America, an Arizona stock corporation. Distributed by Equitable Network, LLC (Equitable Network Insurance Agency of California, LLC in CA; Equitable Network Insurance Agency of Utah, LLC in UT; Equitable Network of Puerto Rico, Inc. in PR) and Equitable Distributors, LLC (NY, NY). When sold by New York state-based (i.e., domiciled) financial professionals, life insurance products are issued by Equitable Financial Life Insurance Company, 1290 Avenue of the Americas, New York, NY 10104.

Please be advised that this document is not intended as legal or tax advice. Accordingly, any tax information provided in this article is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer. The tax information was written to support the promotion or marketing of the transaction(s) or matter(s) addressed, and clients should seek advice based on their particular circumstances from an independent tax advisor. Neither Equitable Financial, Equitable America, Equitable Advisors, Equitable Network nor Equitable Distributors provide legal or tax advice.

Equitable Financial and its affiliates are not affiliated with Dr. Sandra Timmermann.

Equitable is the brand name of the retirement and protection subsidiaries of Equitable Holdings, Inc., including Equitable Financial Life Insurance Company (Equitable Financial) (NY, NY); Equitable Financial Life Insurance Company of America (Equitable America), an AZ stock company; and Equitable Distributors, LLC. The obligations of Equitable Financial and Equitable America are backed solely by their claims-paying abilities. Equitable Advisors is the brand name of Equitable Advisors, LLC.

For financial professional use only. Not for distribution to the public.

EQUITABLE