

Long Term Care Insurance Unwrapped

Insights that can help you grow your business

At least 70% of people over 65 will need long term care services and support at some point.¹ Long term care can be expensive, creating a risk to your clients' assets and lifestyles. For many people, long term care insurance (LTCI) should be an essential part of a holistic financial plan. However, your clients may not be aware of the value of LTCI, and you may not yet be comfortable introducing it to them.

Good news: Recent Genworth studies have unearthed a wealth of insight into the benefits of LTCI, as well as several compelling reasons to make LTCI an important part of your business.



80% of LTCI discussions are initiated by clients.²

Inside you'll learn more about how:

- Offering LTCI leads to more referrals and larger median annual insurance premiums for all insurance products sold
- Few consumers are prepared for a long term care event and hindsight shows the value of LTCI
- You are in a unique position to help clients protect their families and lifestyles
- You can work smarter with today's LTCI prospects by knowing more about what they want

¹2014 Medicare & You, National Medicare Handbook, Centers for Medicare and Medicaid Services, Sept. 2013.

²Genworth LTCI Consumer Omnibus Study, 10/2011.

Long term care insurance underwritten by
Genworth Life Insurance Company, Richmond, VA

Build your business with Long Term Care Insurance

The 2013 Genworth Cost of Not Selling study identifies several significant advantages for those that sell long term care insurance.³ Here are some highlights:

- **Selling LTCI improves a financial professional's bottom line**

Sellers' median annual premiums from all insurance products are almost four times those of non-sellers (\$750k vs. \$200k). In fact, after "providing protection to clients who need it," "generating more sales" is financial professionals' second most commonly mentioned advantage to selling LTCI.

- **Selling LTCI increases a financial professional's referrals**

Sellers report an average 23 new client referrals as a direct result of offering LTCI. On average, non-sellers report having to refer 6.5 clients to other financial professionals because they don't offer LTCI.

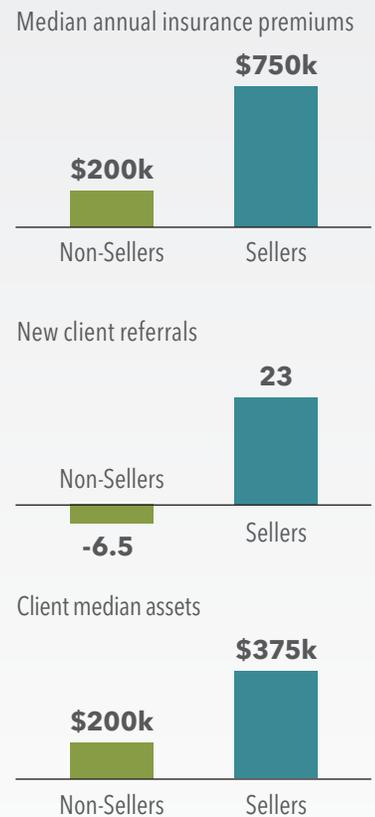
- **Selling LTCI connects financial professionals to target clients**

Clients can provide valuable introductions to other target clients similar to themselves. LTCI sellers' clients refer almost twice as often as compared to the clients of non-sellers. And LTCI owners' median assets are nearly twice those of non-owners.

- **LTCI Sellers can solve for more client's needs**

LTCI sellers tend to provide a more holistic approach for clients by offering more solutions. Clients identify "information about other products that could meet their needs" as a valuable and appreciated form of communication.⁴ Over a 12 month period, LTCI sellers, on average, sold twice as many different types of products as compared to non-sellers. Helping clients solve for more of their goals, needs, and concerns can help deepen and strengthen your relationships.

Survey highlights for Sellers and Non-Sellers of LTCI



³2013 Genworth Cost of Not Selling Study

⁴Genworth Life Jacket Study, 2013

Provide protection for your clients and their families

Your clients and their families deserve a future in which planning helps minimize the financial, emotional, and mental strains brought on by a long term care situation. A recent study conducted with long term care recipients, their caregivers, and knowledgeable family members shines a light on the trials experienced in the wake of a long term care event, emphasizing the need to plan.⁵ Here are highlights from 2013 Genworth Beyond Dollars study:

Too few are prepared for a long term care event.

- Only 47% of people had considered the possibility of needing long term care
- Only about one in four had made preparations

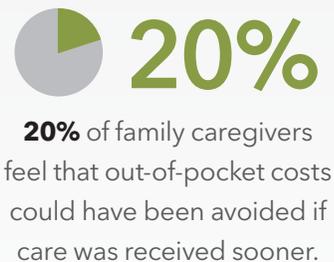
The hidden cost of care

Family caregivers incur \$8,080 in average out-of-pocket costs.

- Nearly one in four respondents feel that out-of-pocket costs could have been avoided if care was received sooner
- One in five could have avoided additional health issues

64% of caregivers reported having to lose time at work.

- Caregivers spend an average of 20 hours per week providing care
- One-third of caregivers provide 30 or more hours of care per week



⁵Genworth Beyond Dollars, 3/2013

⁶2014 Medicare & You, National Medicare Handbook, Centers for Medicare and Medicaid Services, Sept. 2013.

LTCI brings a sense of security and lowers stress⁷

Over half of purchasers feel the most important reason to own long term care insurance is that it lowers stress for everyone involved. And caregivers feel that LTCI offers a sense of security.

- **Hindsight is 20/20**

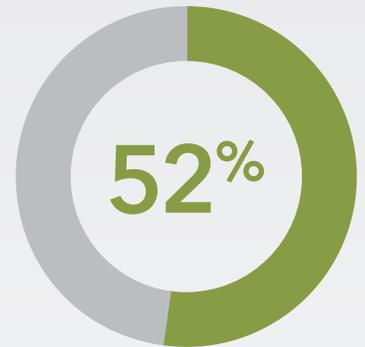
Almost two thirds of caregivers and care recipients without long term care insurance believe that recipients would have benefited from owning long term care insurance. The top three benefits identified were relief from the financial burden of long term care, less strain on the family, and a higher level of care.⁷

- **LTCI can fit into many budgets**

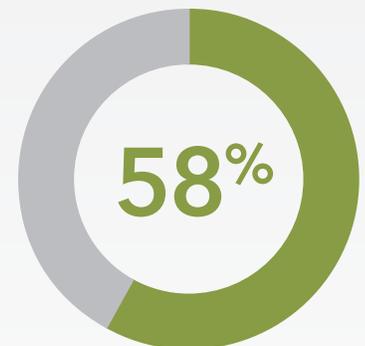
Most LTCI purchasers did not have to make any significant financial concessions to purchase a policy. Very few policy owners reported having to dip into savings, cut back on expenses or reduce discretionary spending in order to afford their policy's premiums.⁸

- **Even some coverage lowers stress**

The good news is that there is an increase in awareness of LTCI and affordable options leading to some coverage versus none. Most of the individuals who said that LTCI brings a sense of security covered half or less of their long term care costs with LTCI.⁸



52% of purchasers feel the most important reason to own long term care insurance is that it lowers stress for everyone involved.⁷



58% of caregivers and care recipients without long term care insurance believe that recipients would have benefited from owning LTCI.⁷

⁷Genworth Beyond Dollars, 3/2013

⁸Genworth LTCI Purchaser Study, 9/2012

Work smarter with today's consumer

Times change and so do consumers' preferences: the way they plan for their financial future is no exception. With so many resources readily available to consumers, what you share with them and how you share it can determine whether they purchase LTCI from you now or later. Here are highlights from the 2013 Genworth Flex 2.5 Qualitative Studies:⁹

Tips for producers:

Consumers say:

Be ready for well-informed consumers.

Prospective LTCI buyers consider it important to do online research and get educated on their own prior to meeting with a financial professional. You can build trust with your clients and help them arrive at a purchasing decision earlier – acknowledge and help them build upon the knowledge they have acquired, answer questions, offer guidance, and provide additional educational resources.

“Get information, then you can see what questions you have and then you're directing the conversation with them instead of them trying to sell you something.”

Offer specialized knowledge—whether your own or someone else's.

Even if you're not yet an expert on long term care insurance, you can still help your clients fill this important gap. Many financial professionals we spoke with work with LTCI agents/producers at the point of sale. And our consumer research suggests clients are often grateful for this expertise.

“If my financial planner brought in someone knowledgeable, I would have no problem working with them, if they were recommended.”

Remember that something is often better than nothing.

Many consumers have other savings they can rely on for unexpected costs, but are wary of losing everything to a long term care event. A smaller, more affordable LTCI package can still provide meaningful benefits. Many financial professionals recommend that their clients purchase some LTCI coverage and rely on some savings in a worst-case scenario. It's important, however, that clients monitor their coverage as their lives change to ensure they are adequately protected.

“Additional coverage would be provided by our assets with a plan that covers the majority, but not all, of our long term care costs. I don't know if I'm going to need long-term care and although I'm willing to give up some assets, I'm not willing to give up everything.”

Share the reality of long term care costs.

Upon seeing estimates of the annual costs of long term care, some consumers present a sense of disbelief at LTCI's ability to cover those costs. Share the difference between worst case and more likely long term care scenarios and explain the potential role of LTCI in those cases.

“At \$84K/year in a facility and \$40K/year at home, there's no way an annual premium could be affordable at any age.”

⁹2013 Genworth Flex 2.5 Qualitative Studies

The premium discussion can change minds

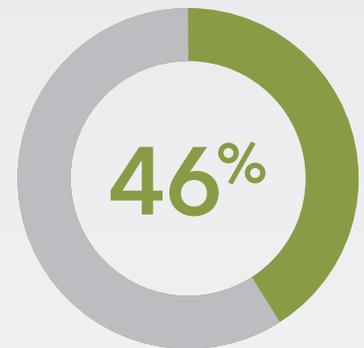
Consumers are reluctant to engage until they've seen approximate product costs. When consumers see the cost of long term care insurance solutions with a range of price points, their likelihood to purchase almost doubles, from 22% "likely to purchase" to 46% on average.¹⁰

Consider introducing LTCI solutions by premium rather than the pool of money they provide.

When consumers are presented with a pool of money and then realize that they can't afford it, the plan they subsequently choose may seem substandard. However, if consumers start with the benefit level they can afford, they may be less likely to feel such disappointment.

Consider emphasizing cost savings for younger clients.

LTCI products are designed to offer significant discounts for younger and healthier consumers while delivering robust coverage for likely care scenarios. The premium approach is more motivating than the asset protection approach for younger prospects, ages 40-49.¹⁰



46% on average are "likely to purchase" when presented long term care insurance solutions with a range of price points.¹⁰

"My interest increased because I am still relatively young and healthy so it is easier to obtain coverage and at more reasonable rates."

¹⁰Genworth Prospective Customer Study, 3/2014

Take your business to the next level

Long term care insurance can help you solve for more of your clients' goals and help you build your business. Take proactive steps to determine whether offering long term care insurance fits your vision and business goals.

Next steps:

- Look for educational information about long term care and long term care insurance that you can share with consumers such as Genworth's Let's Talk Long Term Care tabloid.
- Get more information about the impact of a long term care event on caregivers, as well as care recipients from Genworth's Beyond Dollars report.
- Review your client base to determine whether there are clients who could benefit from a discussion about their long term care plans.
- Deepen your client relationships by offering more solutions, or partnering with key centers of influence to offer solutions, for your clients' needs.
- Look to your existing client base, particularly those to whom you've already sold LTCI, and centers of influence for potential referrals.

For these pieces and more educational information visit:

www.genworth.com/lets-talk

and

www.genworth.com/cocpro



Let's Talk Long Term Care tabloid form #48683



Beyond Dollars report form #157453P

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