

# CENTERSTAGE

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## Addressing Long-Term Care Concerns

When insurance plan conversations lead to discussions about after retirement, there are certain hot-button issues that will swing employee conversations out of your control. When helping older employees with retirement and beyond, two topics will change the atmosphere in the room. One is the long-term viability of Social Security, which frequently comes up as a question. The second is on the conversation of long-term care, which has the possibility to make or break a retirement plan. In this installment of CenterStage, Donald McClurg, one of our financial advisors, breaks down what matters and offers answers to many of the questions concerning long-term health.



### What Exactly is Long-Term Care? What's Gobbling up Your Retirement?

You place insurance on the things that are valuable to you, such as your car, your home and possibly your pet. What about your life? Is your family of importance to you, and beyond that, what about your legacy (i.e. any funds left over from your lifetime given into your living family members)? Currently, there's about a 50% chance a 65-year-old will require care such as an in-home nurse or a medical/assisted living facility that can deliver optimal, specialized care. For employees near retirement or the 65 years-old mark, there is a trove of questions surrounding long-term care, including:

- Should I consider a hybrid long term care plan?
- Is the insurance worth it for me, given how insurers have been increasing the price of premiums?
- How do I avoid a government facility should I need care?
- How much money should be saved and when should saving begin?
- Can I afford this/Will I make it?
- What are my blind spots?

Unfortunately, the “right” answer to these vexing questions regarding long-term healthcare is exclusively individual-specific. Factors in the determination are dependent upon the individual's wealth, age, desire to leave a bequest and a need for peace of mind, amongst all other factors. Donald believes, “The biggest risk to a financial plan is not running out of money, it is incurring

a financial catastrophe later in life and not having protection. Right now, that catastrophe has the highest probability of showing up in the form of long-term care.”

Commonly viewed as less superior to other insurance options already being taken out of a paycheck, the fact of the matter is this is not another out-of-pocket expense placed on you, such as renters or car insurance. Rather, long-term care should be seen as a valuable choice; an investment in your future and for your family. As a “numbers guy”, Donald brings up the importance of three variables in particular: 70, 90, and 5, which mean:

- Singles 65 and older stand a 70% chance of needing long-term coverage
- Couples 65 and older stand a 90% chance of needing long-term care
- Only 5% of Americans have long-term coverage plans

## The Driving Factor for Long-Term Care

Individuals display an aversity to paying for long-term coverage, as they are worried about the chance of paying for it and not needing it or having to leave their homes and live out their lives in a facility. If that's you, you may consider a hybrid plan. Most hybrids solve the two main deterrents of long-term care insurance by:

- Allowing for in-home care (that's right, they don't force you into a facility)
- Return of unused premiums. (i.e. whatever portion you don't use is returned to your beneficiary)

According to the U.S. Department of Health and Human Services, the average cost for a semi-private room in a nursing home is \$6,844 per month, with the average stay being around 2.5 years. As previously listed, 52.3% is the expected percentage of people turning 65 who will have to have a long-term care need during their lives. That is over half the population of individuals turning 65 years of age who will need the assistance offered through long-term care.

The most misleading stat is that 63% of people spend \$0 on long-term care. This is because roughly half of Americans have exactly \$0 in savings or will have \$0 when/if they need long-term care. Those individuals typically find themselves at facilities who accept Medicaid, meaning they are more than likely falling short of the care they need. Here's the most under reported and most impactful fact of long-term care: the burden is falling on your employees. In total, **an estimated \$3 trillion in lifetime wages is lost due to unpaid care-giving responsibilities.**

## How Can Employers Offer Better Long-Term Care Solutions?

It has been said that happy employees are productive employees, and as an employer, you naturally want to increase both the productivity and well-being of employees. Of the many things your employees stress about (home, kids, work, etc.), money is always at the top of the list. In fact, a study investigating employee productivity and well-being found that employees spend 3-4 hours per week, 4-5 times per hour worried about finances. At Saxon, we are happy to help employers implement useful financial tools for their employees to leverage.

For the majority of the working world, healthcare derives from employers, thus, the head of the

organization is the one responsible for properly educating employees on their coverage. As the saying goes, “proper planning prevents poor procedure.” With Saxon, employers can schedule a brief, in-house seminar with one of our stellar financial advisors and a long-term care specialist. Through these seminars, clients and employees will discover clear solutions to anything that may still have them on the fence about investing in long-term health. Employees will come to learn the real value in long-term care, such as the reason behind asset location mattering more than asset allocation.

Ready to explore your options and become one of the 0.5% of businesses currently offering long-term care insurance to their employees? If so, don't hesitate; pick up the phone and call Donald with Saxon Financial today at (513) 609-4404 or toll-free at (800) 847-1733 to discover how you can avoid the single largest threat to your employees' retirement.

## Why Saxon Is the Right Choice for You

At Saxon, we care about you – your family, your company, your finances, and your future. We cultivate our years of practice and experience to deliver exceptional service to you every time. We empower you by placing the tools and knowledge necessary into your hands to deliver remarkable returns on investment. An engagement with Saxon is unique. This is because we have invested in developing a culture where business is personal. Our clients are the central heart of our organization; meaning that without you we have no purpose.

To Saxon, experience matters. We know that outcome is crucial, but to us, it matters how we get there. By taking intentional action in an authentic manner, we are a catalyst for your success that is positively refreshing. We invite you to explore the Saxon way.