

An illustration by Brian Raszka depicting two men. The man on the left is shown from the chest up, wearing a blue suit jacket and a striped tie, holding a large, plain brown cardboard box. The man on the right is shown from the chest up, wearing a black tuxedo with a white shirt and a black bow tie, holding a large, wrapped gift in orange and white paper with a gold and black bow. The background is a textured blue. The title 'Pick Your Period' is overlaid in large, stylized fonts. The word 'Pick' is in white with a black outline, 'Your' is in a brown, italicized serif font, and 'Period' is in white with a black outline.

Pick *Your* Period

Story by **Honey Leveen**
Illustrations by **Brian Raszka**

Choosing an appropriate LTCI benefit period is a complicated, yet crucial decision. >>>



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You're feeling good. You've not only communicated the need for long term care insurance and made the sale, but your client has selected the right policy and actually understands it. But your job is not done yet. Now comes the most painstaking part of your client's LTCI decision: What benefit period should he choose?

Helping your client choose an appropriate benefit period is a complicated process. It is also a crucial one. Recent research shows that choosing the right benefit period can prevent significant side effects felt by family members providing informal care.

The more information you can present to your client, the better. Many advisors are tempted to present statistics and end the discussion there. This can be a mistake. Although statistics can be powerful, a client needs more information to make an educated decision. After all, a client's experience will likely differ from raw numbers. What's more, long term care is a sensitive, emotionally charged issue, so the discussion should be a bit more personal.

Discussing the stressors associated with caregiving will also help your client determine how much of a burden he is willing to place on others.

Offer your own anecdotal evidence and ask your client about his firsthand caregiving experiences.

For example, your client may tell you that his Aunt Sadie was only in a nursing home for a few years. However, further inquiry may reveal that family members provided her with informal care for many years prior, and that the move to a nursing home was a last-resort decision made long after all other options were exhausted.

In this situation, use your skills to gently lead the client further by asking him to describe the extra help his Aunt Sadie needed. This will help you determine if the care she required was formal or informal, paid or unpaid. Ask if Aunt Sadie needed help walking, bathing, or dressing. Did family and friends help her with shopping, housekeeping, or transportation? If so, then the care she required was informal or unpaid care.

Use your client's examples to explain that if Aunt Sadie had owned an LTCI policy, she would have collected from it for years prior to entering the nursing



facility. In fact, nursing home care may not have become necessary at all, for the policy would have paid for formal care at home. What an extraordinary difference LTCI would have made for Aunt Sadie and her entire family! Explain that by choosing an appropriate benefit period, your client can make that difference for those who may otherwise have to care for him in the future.

Discussing the stressors associated with caregiving will also help your client determine how much of a burden he is willing to place on others. Once you and the client have a clear understanding of his goals, it becomes much easier to choose a benefit period that makes sense for his individual situation.

By the Numbers

A client who has had direct experience with caregiving likely knows that for



family members, the caregiving responsibility can be a great undertaking. For the client who hasn't learned this truth firsthand, however, you may need to work a bit harder to ensure he selects an adequate benefit period.

Although statistics alone should not be relied upon, this is one situation in which they can provide valuable information to your client. For example, in a January 2000 article on elderweb.com, authors Cohen, Weintobe, and Miller reported that 40 percent of caregivers had to take time off work without pay. On average, these caregivers missed 17 days of work each year, which translated to an earnings loss of \$5,393 per employee per year.

Another survey released in April 2004 by the National Alliance for Caregiving and AARP reported that 52 percent of caregivers provide more than

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eight hours of care per week. A whopping 17 percent provide more than 40 hours of care per week. The survey also found that levels of physical strain, emotional stress, and financial burden are markedly increased for caregivers.

Explain to your client that in a majority of cases, family members provided care because they lacked affordable alternatives. Make it clear that the most affordable solution is a preventive one, namely an LTCI policy with an appropriate benefit period.

Planning Tools

Before your client can select a particular benefit period, he must understand his likelihood of requiring care for a particular length of time. Countless tools are available that can easily demonstrate this risk. For example, the U.S. government has funded the Long

Term Care Counselor (LTCC), a new tool that is now offered free to the public via Medicare's official Web site (www.medicare.gov).

The LTCC planning tool is essentially a survey that determines a client's actual probability of needing LTC. For example, it predicts that a healthy 51-year-old female would need 624 days of assisted living or nursing home care. In addition, she would need 2,107 hours of informal care and 454 hours of formal care prior to entering a nursing home. This is a ratio of 4.6 hours of informal care for every hour of formal care.

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formal and reimbursed by LTCI. Also, make it clear that your client will have access to more caregiving options.

For example, assisted living (AL) is a new development that clients can use instead of relying on informal forms of care. This major innovation in caregiving is so new that an average length of stay has not yet been documented. At first glance, AL communities often look like an apartment complex and residents tend to view them as a new, smaller home. Residents typically move to an AL facility when they first require help with their activities of daily living. Here, they are afforded privacy, and they can bring their own furniture and favorite belongings. Three meals are provided each day, as well as maid service and other assistance.

A Time of Need

The public was essentially unaware of LTCI a decade ago. Many people insisted that the government would pay for care, so the perceived need for coverage was not as strong. But things have changed. Today the public knows what LTCI is and what it pays for. A December 2002 survey by Allianz Life Insurance Company found that 60 percent of respondents realize that Medicare is not likely to cover care costs, even if they can't afford to insure themselves.

The growing popularity of LTCI likely has something to do with consumers' desire for choices as well. Today's consumer wants access to as many caregiving options as possible, and also wants to ensure his dignity and independence as he ages. When advising your client about the correct benefit period to choose, a realistic take is key. Discuss the

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need for both informal and formal care, as well as a more realistic estimate of the LTCI benefit period he will require to meet his needs. ■

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