



# Long-Term Care (LTC) Consumer Planning Study

*March 2022*

# Table of Contents

<a href="#"><u>Survey Goals and Methodology</u></a>	<a href="#"><u>Pg. 3</u></a>
<a href="#"><u>LTC Planning Overview</u></a>	<a href="#"><u>Pg. 7</u></a>
<a href="#"><u>LTC Planning &amp; Perceptions</u></a>	<a href="#"><u>Pg. 18</u></a>
<a href="#"><u>Current LTC Plans</u></a>	<a href="#"><u>Pg. 25</u></a>
<a href="#"><u>Impact of the COVID-19 Pandemic on LTC Planning</u></a>	<a href="#"><u>Pg. 34</u></a>
<a href="#"><u>Experience Insurance</u></a>	<a href="#"><u>Pg. 40</u></a>
<a href="#"><u>LTC Insurance</u></a>	<a href="#"><u>Pg. 47</u></a>
<a href="#"><u>Asset-Based LTC Protection/Awareness &amp; Evaluation</u></a>	<a href="#"><u>Pg. 60</u></a>
<a href="#"><u>Respondent Characteristics</u></a>	<a href="#"><u>Pg. 69</u></a>



# Survey Goals and Methodology

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At some point in their lives, most people will need long-term care support. A national provider of insurance and financial services for more than 140 years, the companies of OneAmerica, collaborated with Hanover Research to engage with consumers to better understand their behavior and thoughts regarding long-term care (LTC) planning. For those in the planning or preplanning stages, the survey identifies how LTC fits into their future, along with their level and comprehension of these necessary steps. Additionally, the study also assessed the preparation taken by those with family members receiving LTC support. Hanover Research is not an affiliate of the companies of OneAmerica.

The OneAmerica LTC Consumer Market Survey was administered in association with Hanover Research, distributed online to professionals recruited via a third-party panel provider. This analysis includes 978 respondents, following data cleaning and quality control. Respondents were at least 40 years old, currently planning for the “retirement era” of their lives. Individuals, or anyone in their immediate family, did not work in the insurance industry. Hanover Research is not an affiliate of the companies of OneAmerica.

## Key segmentation

This report includes results segmented by age group. Statistically significant differences are calculated at the 95% confidence level, denoted by superscript letters (e.g., A, B, C). Meaningful and relevant differences are presented in call-out boxes, with corresponding letters indicating significant differences between groups.



### AGE GROUP

Age 40-64 (n=510)	<b>52%</b>
Age 65+ (n=468)	<b>48%</b>



# LTC Planning Overview

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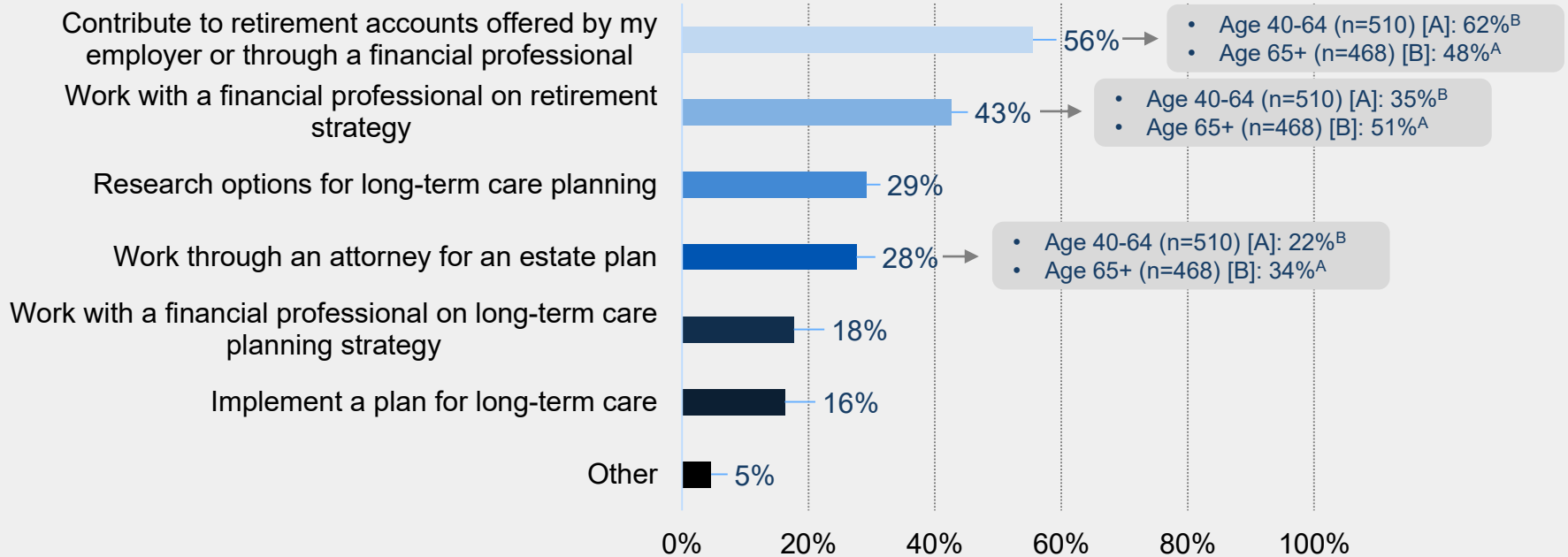
Less than half of surveyed consumers have worked with or plan to work with a financial professional on a retirement strategy

- This is the second-most common retirement-related action among consumers in the study. Contributing to retirement accounts (56%) is the only action taken or planned by a majority of consumers.
- Nearly a third (29%) have researched LTC planning options, and even fewer (16%) have implemented an LTC plan.





# Retirement and/or long-term health care actions taken



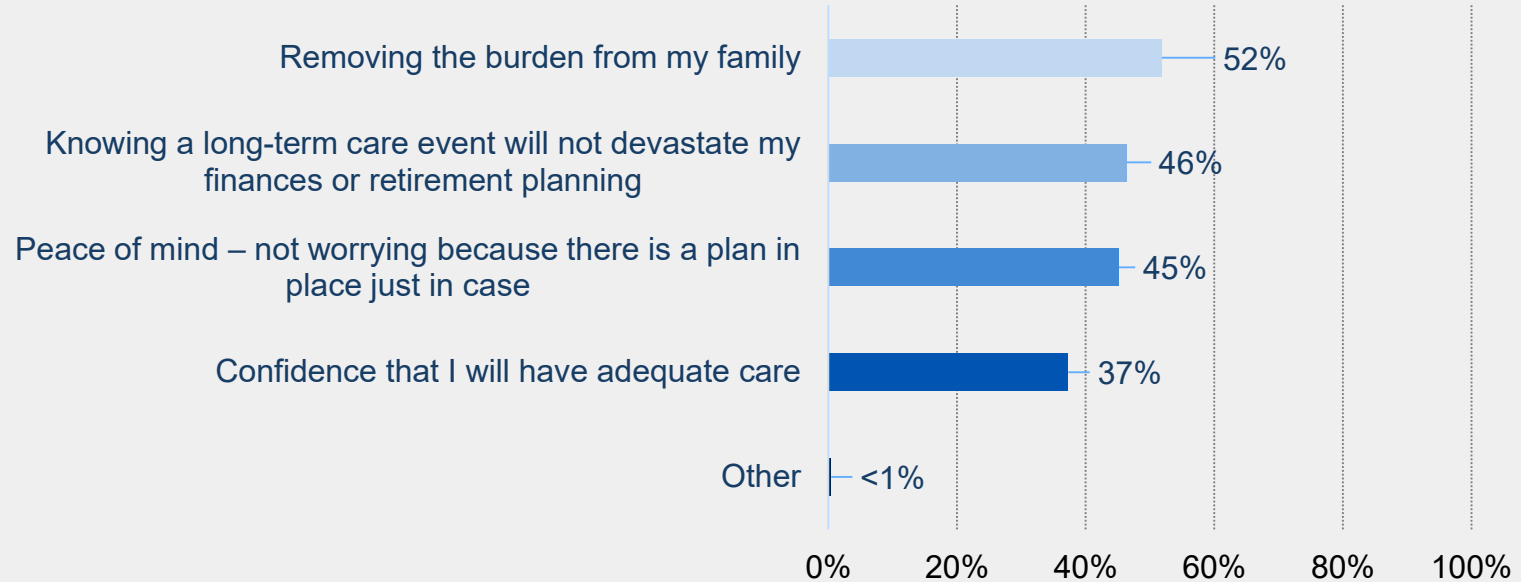
Q2.6 Regarding your retirement and/or long-term health care plans, which of the following actions have you taken, or do you plan to take? Select all that apply. (n=978)

Consumers view LTC planning as having multiple purposes, led by avoiding heavy burdens on family members

- They cite avoiding devastation of one's own finances (46%) and gaining peace of mind (45%) nearly the same as avoiding undue burden on one's family.



# Perceived primary purpose of LTC Planning



Q4.1 What do you perceive as the primary purpose(s) of long-term care planning? Select up to two (2). (n=978)

## Family/friend's experience needing LTC is the most common source of consumers' awareness by a wide margin

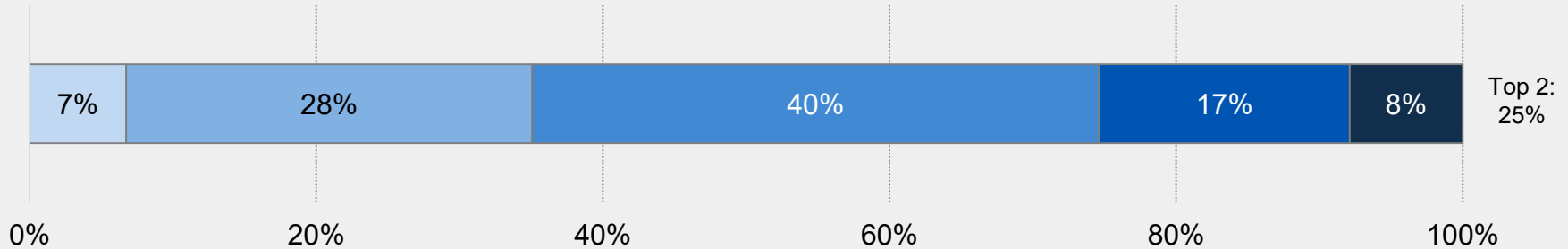
- Respondents are asked to think of LTC as “a range of services for individuals who, due to disability, chronic condition, trauma, and/or illness, have limited ability to carry out basic activities of daily living, such as eating or dressing.” Only a quarter of consumers (25%) self-describe as highly familiar with the factors to consider when creating an LTC plan.



# Familiarity with long-term care (LTC) planning factors

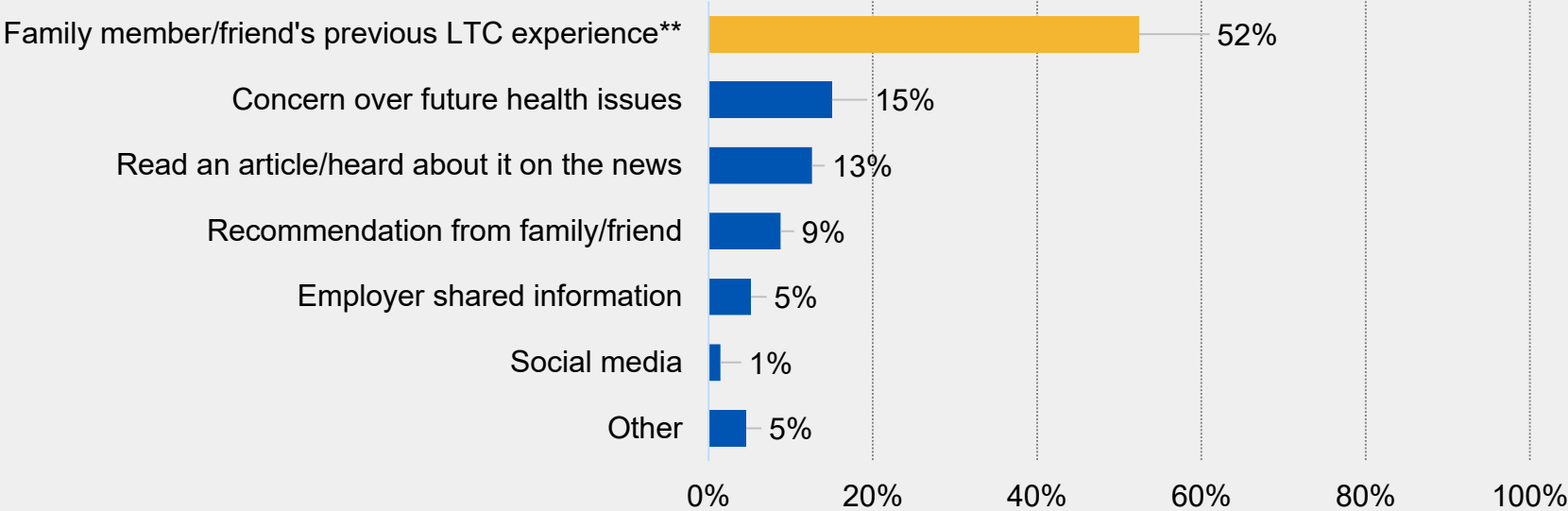
□ Not at all familiar   □ Slightly familiar   □ Moderately familiar   □ Very familiar   □ Extremely familiar

**At least slightly familiar: 93%**



Q2.9 How familiar are you with the factors to consider when creating a long-term care plan? For the purposes of this survey, please think about long-term care as a range of services for individuals who due to disability, chronic condition, trauma, and/or illness, have limited ability to carry out basic activities of daily living, such as eating or dressing. (n=978)

# Source of initial awareness of need for LTC Planning



Q4.2 How did you initially become aware of the potential need for long-term care planning? (n=912);

\*\*Note: Label shortened for brevity. Full response read "Previous experience with a family member or friend who needed long-term care."

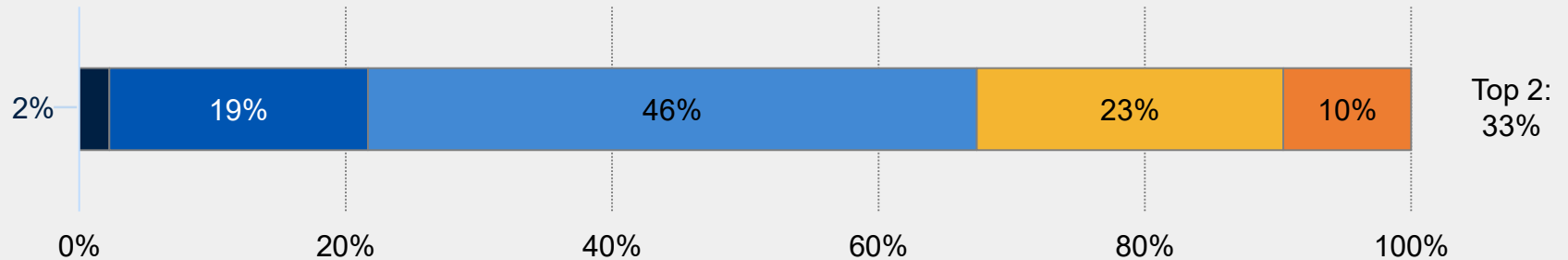


Most consumers do not consider LTC planning a high priority and have doubts about whether they will ever need it

- Consumers' doubts about their potential need for LTC planning and making it a low priority likely correspond to their inaction and low confidence in their current plans. Few of them (16%) are highly confident in their current plans, and the same percentage of consumers have not taken any related actions.

# LTC Planning Prioritization

■ Not a priority ■ Low priority ■ Medium priority ■ High priority ■ Essential

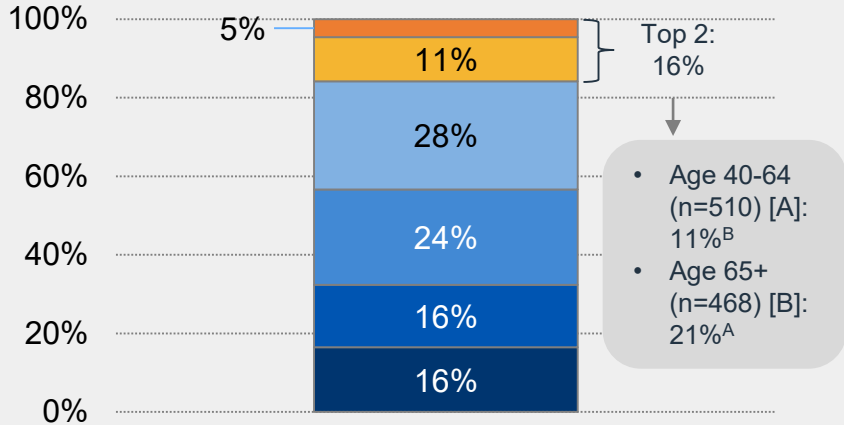


Q3.2 How much of a priority is long-term care planning (i.e., planning for services when you may have limited ability to carry out basic activities of daily living) to you? (n=978)



## Confidence in current LTC Plans

- N/A; No action taken
- Not confident at all
- Slightly confident
- Moderately confident
- Very confident
- Extremely confident

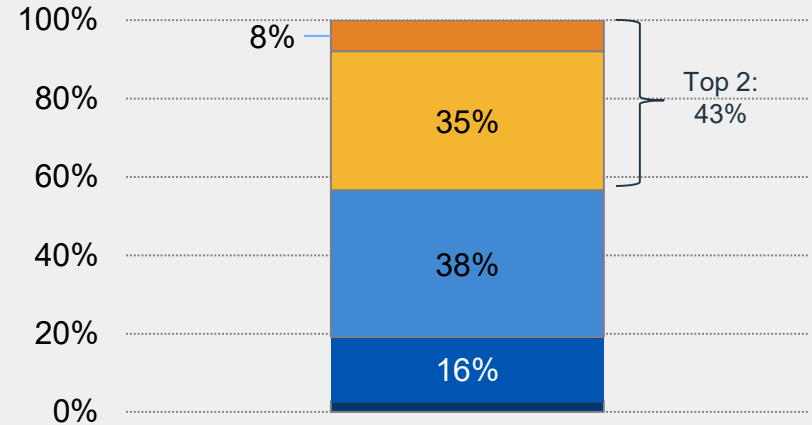


Q3.3 How confident are you with your current long-term care plans? (n=978)

Q3.4 In your opinion, how likely are you to need long-term care in the future? (n=978)

## Expected likelihood of needing LTC in the future

- Extremely unlikely
- Somewhat unlikely
- Neutral
- Somewhat likely
- Extremely likely





# LTC Planning & Perceptions

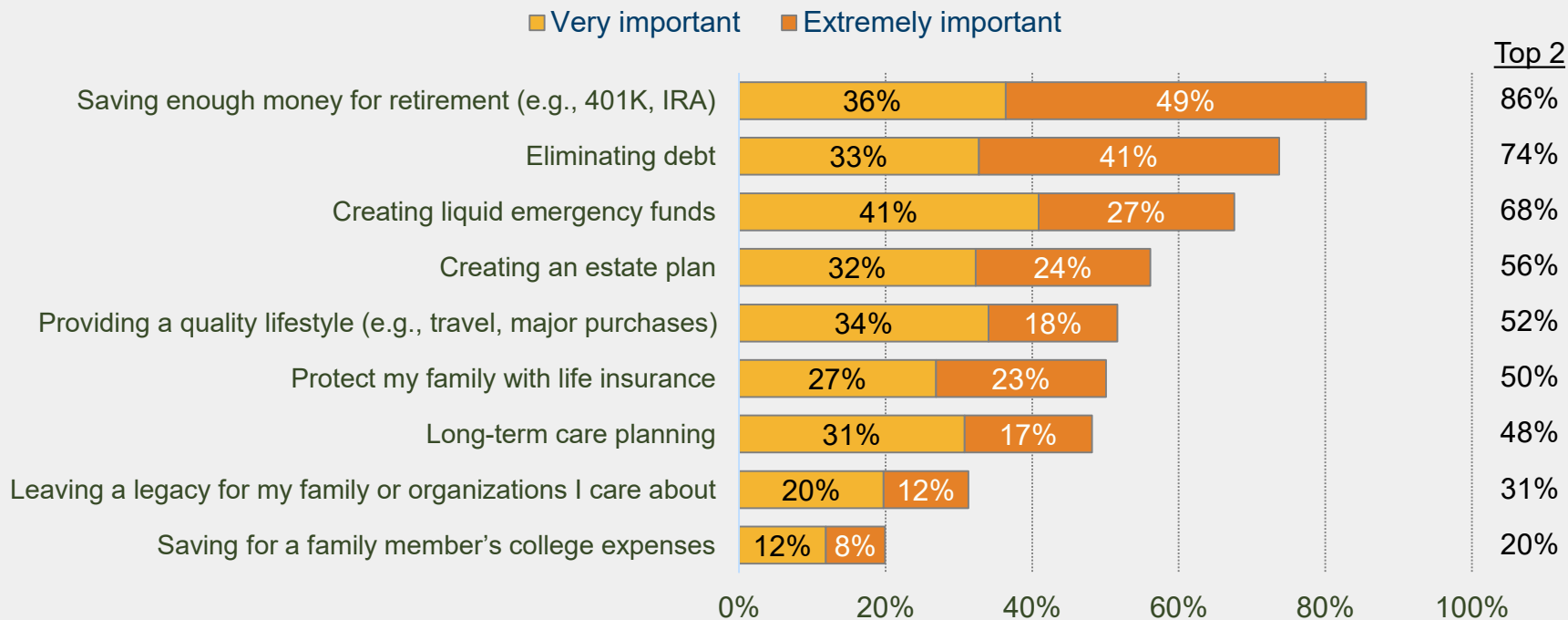
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Consumers place the highest importance on finances when planning for their own and/or **their family's futures**

- More specifically, they rate having enough to retire (86%), eliminating debt (74%), and creating liquid emergency funds (68%) as most important.
- In contrast, LTC planning (48%) is considered a relatively lesser priority to the target audience.



# Importance of actions for own/family's future plans



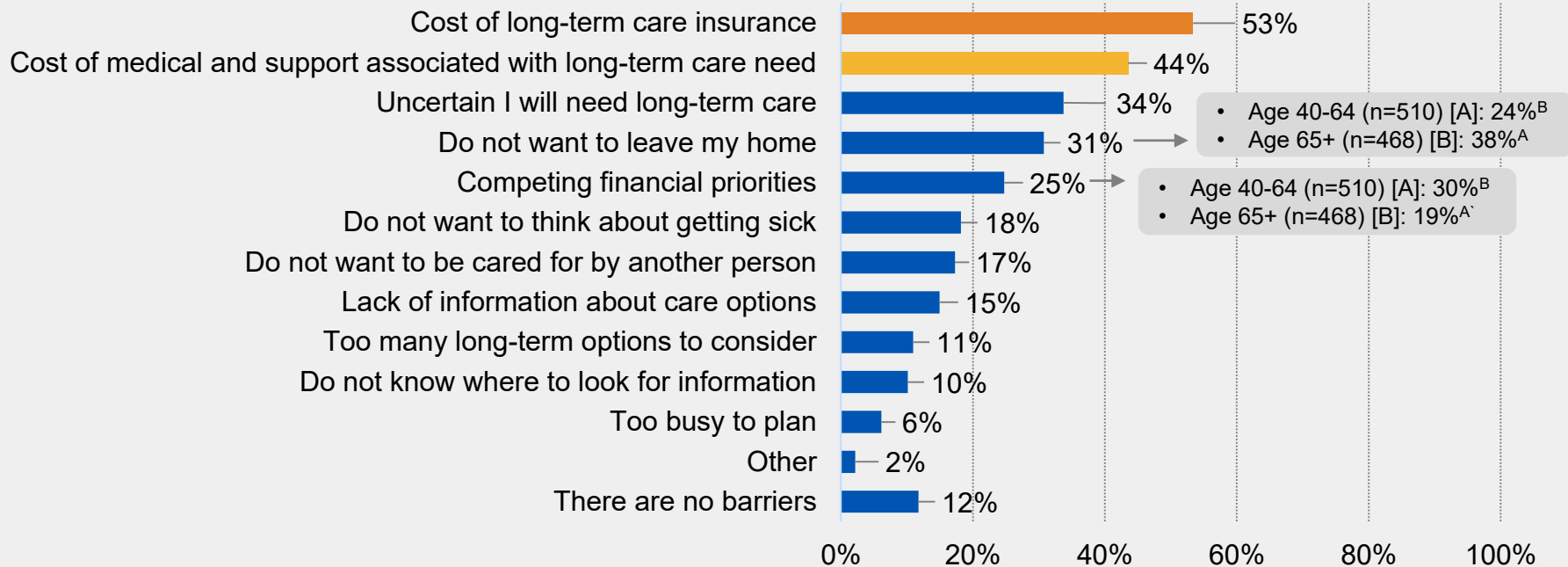
Q3.5 How would you rate the importance of each of the following actions when making plans for your/your family's future? (n=978)



Consistent with important considerations, the top barriers regarding LTC planning are primarily financial

- Such barriers include the cost of LTC insurance itself (53%), the cost of medical and LTC-associated support (44%), and the slightly less-prominent competing financial priorities (25%).
- Lack of certainty around the need for LTC (34%) is the third-most common barrier, echoing the previously reported relatively low expected likelihood of receiving LTC in the future.

# LTC planning barriers



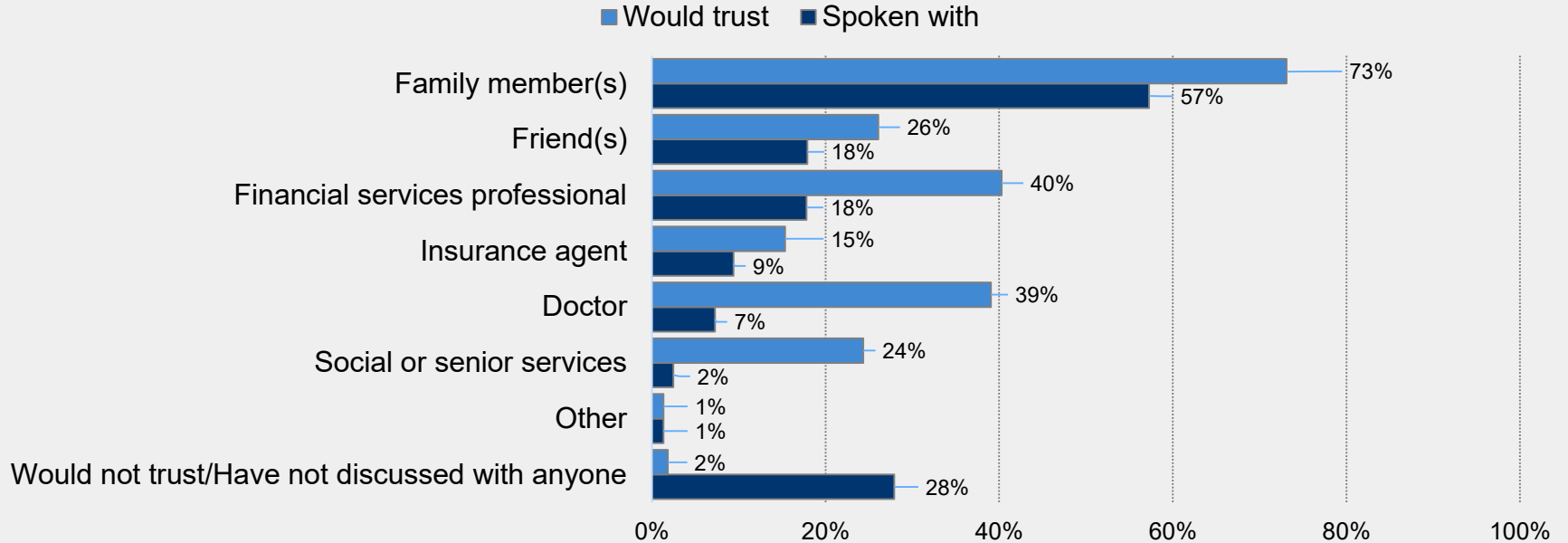
Q4.3 What barriers exist, if any, to your planning for long-term care? Select all that apply. (n=978)

## Consumers trust family members most when it comes to discussing LTC options

- They are also most likely to report already having had such discussions with family members (57%).
- After family, consumers are most likely to trust financial services professionals (40%) and doctors (39%) with discussions about LTC options. Few, however, have had these conversations with such professionals (18% and 7%, respectively).
- Notably, more than a quarter (28%) have not had such discussions with anyone.



# LTC option discussion partners



Q5.2 Who would you trust to have a conversation with about your long-term care options? Select all that apply. (n=978);

Q5.1 With whom, if anyone, have you had a discussion with about long-term care options? Select all that apply. Please note this does not necessarily have to be a discussion that you initiated. (n=978)





# Current LTC Plans

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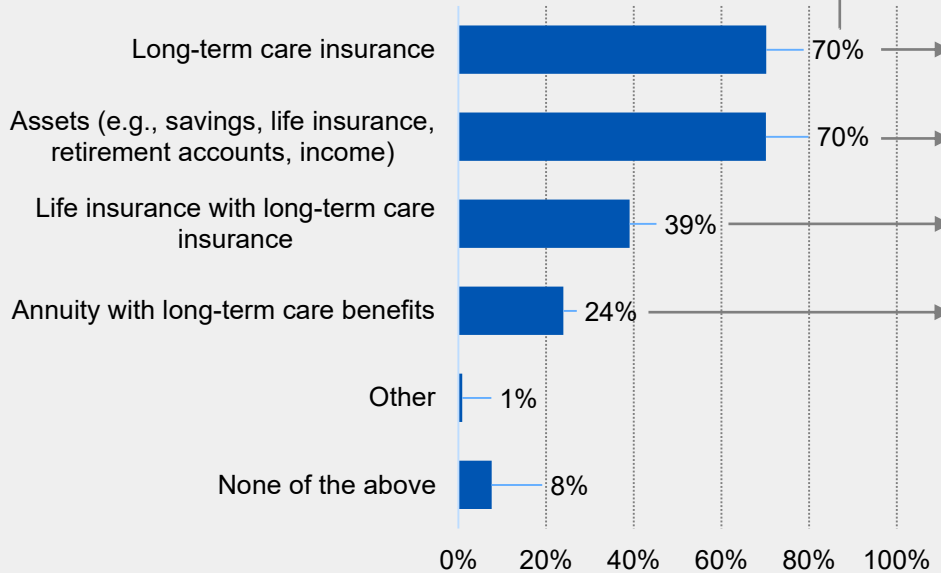


LTC insurance and using current assets are payment options that most consumers know

- However, many (24%–39%) are unaware of other payment options.
- Fewer than half of consumers (45%) who are aware of each payment option report high familiarity; using current assets leads. These results reflect a generally low overall level of LTC payment knowledge among consumers.

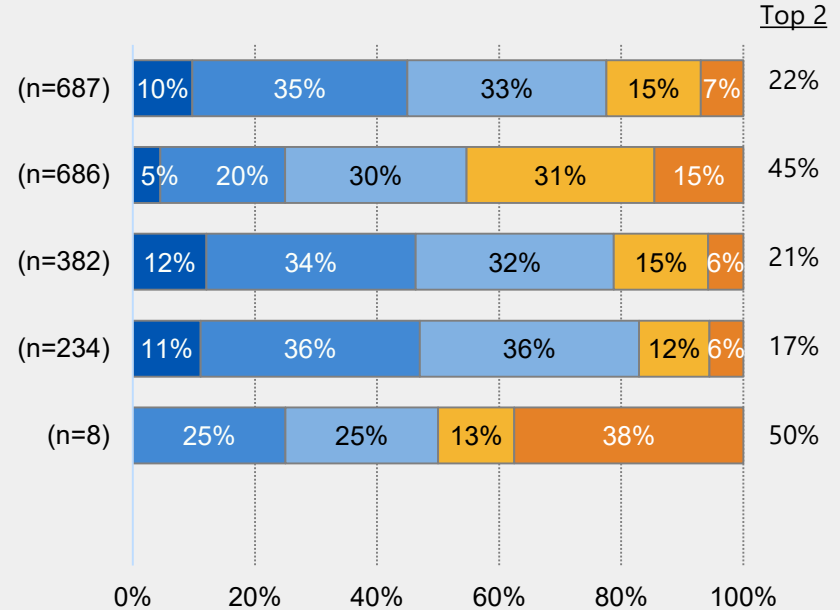
# LTC payment option awareness

- Age 40-64 (n=510) [A]: 63%<sup>B</sup>
- Age 65+ (n=468) [B]: 79%<sup>A</sup>



# LTC payment option familiarity

- Not at all familiar
- Slightly familiar
- Moderately familiar
- Very familiar
- Extremely familiar



Q6.1 Prior to this survey, of which of the following ways to pay for long-term care were you aware? Select all that apply. (n=978)

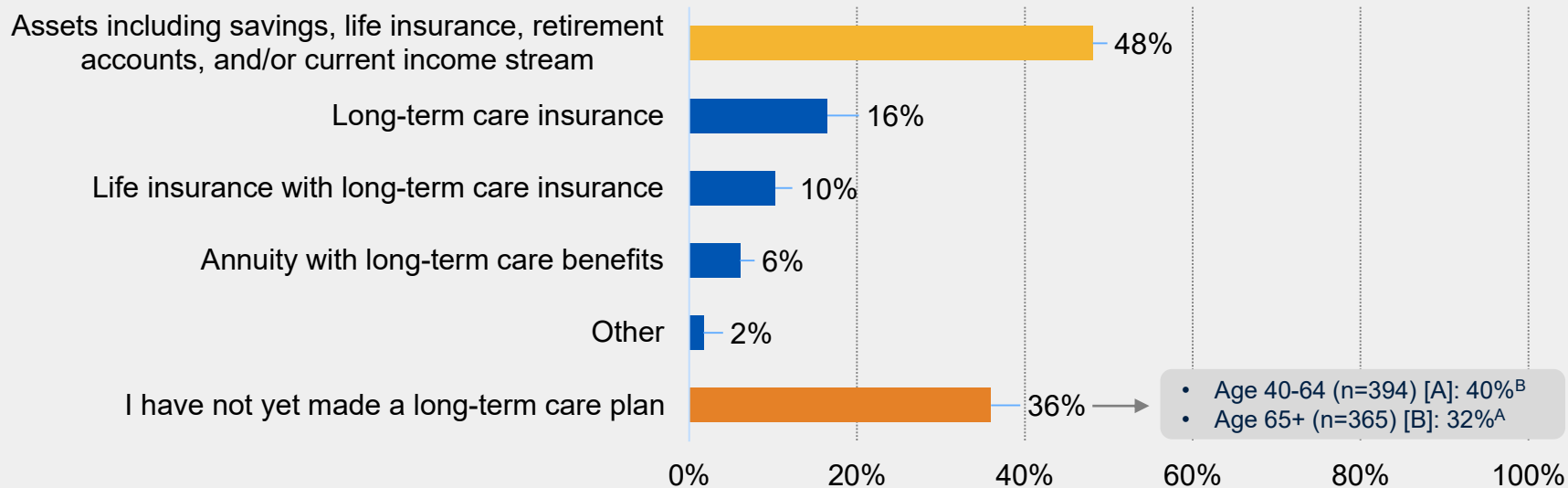
Q6.2 How familiar are you with the following ways to pay for long-term care? (n=varies based on awareness)

More than a third of consumers have no current LTC plan related to payment options, and very few consumers have any form of LTC insurance

- Long-term insurance (16%) is marginally more common than life insurance with long-term care insurance (10%), but both are rare in absolute terms.
- The most common payment option of consumers' current LTC plans is to use current assets, such as savings, life insurance, retirement accounts, and/or current income streams (48%).



## Elements of current LTC plan



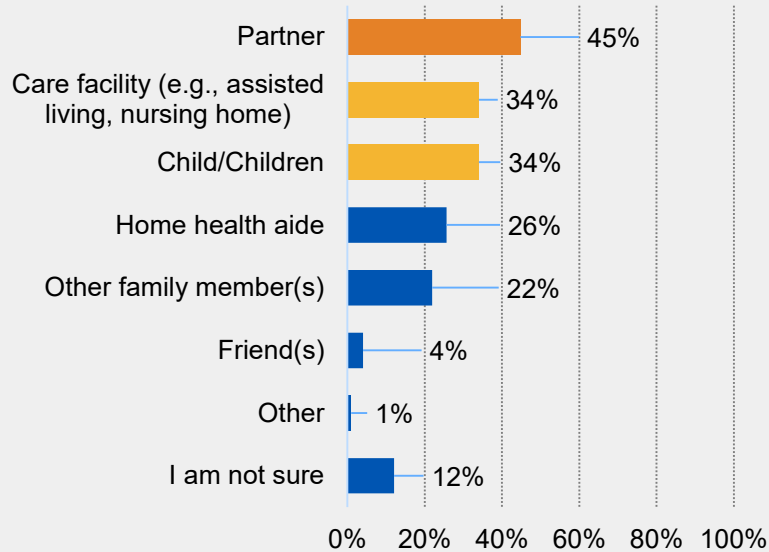
Q6.3 Which of the following are already part of your current long-term care plan? Select all that apply.  
Please select only those that you have already purchased or made arrangements to use. (n=759)



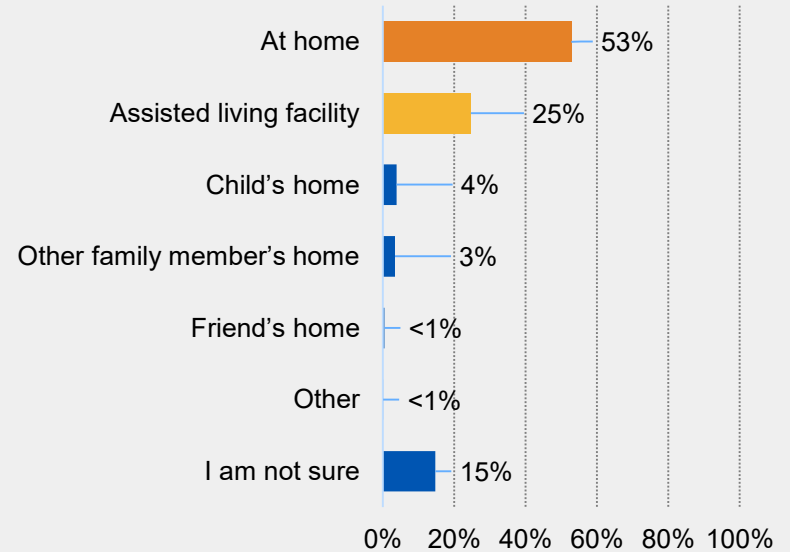
Consumers tend to expect their partners to provide LTC and foresee receiving such care at home

- Additionally, equal number of consumers (33%) expect that either their children or care facilities will provide LTC care in the event of unexpected sickness.
- These results may reflect a degree of naïveté in consumers' LTC-related knowledge and plans.

## Expected source of LTC for unexpected sickness



## Site of LTC for unexpected sickness



Q6.4 Who do you expect to take care of you long-term if you get sick unexpectedly? Select all that apply. (n=978)

Q6.5 Where do you expect to receive long-term care if you get sick unexpectedly? (n=978)

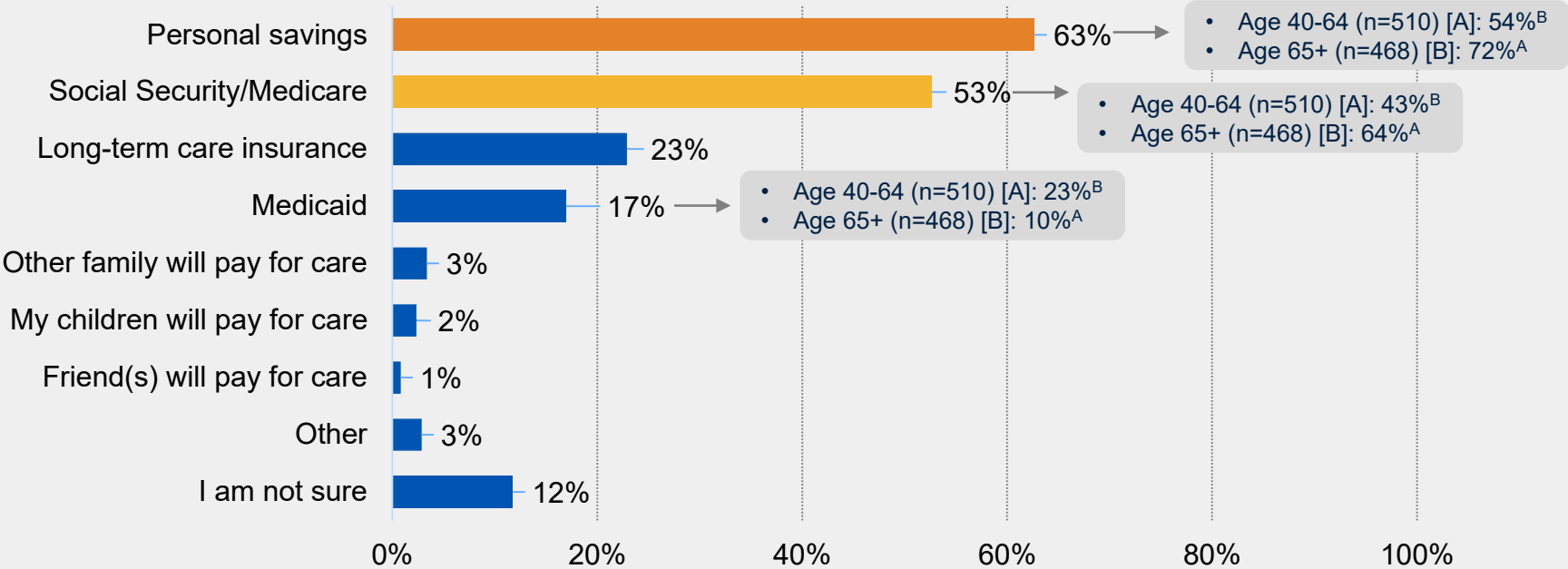
Most consumers would expect personal savings and/or Social Security/Medicare to pay for care

- Only about a quarter (23%) would expect LTC insurance to pay for such care in the event of an unexpected sickness.





# Expected payment method for unexpected sickness



Q6.6 How do you expect to pay for long-term care if you get sick unexpectedly? Select all that apply. (n=978)

# Impact of the COVID-19 Pandemic on LTC Planning

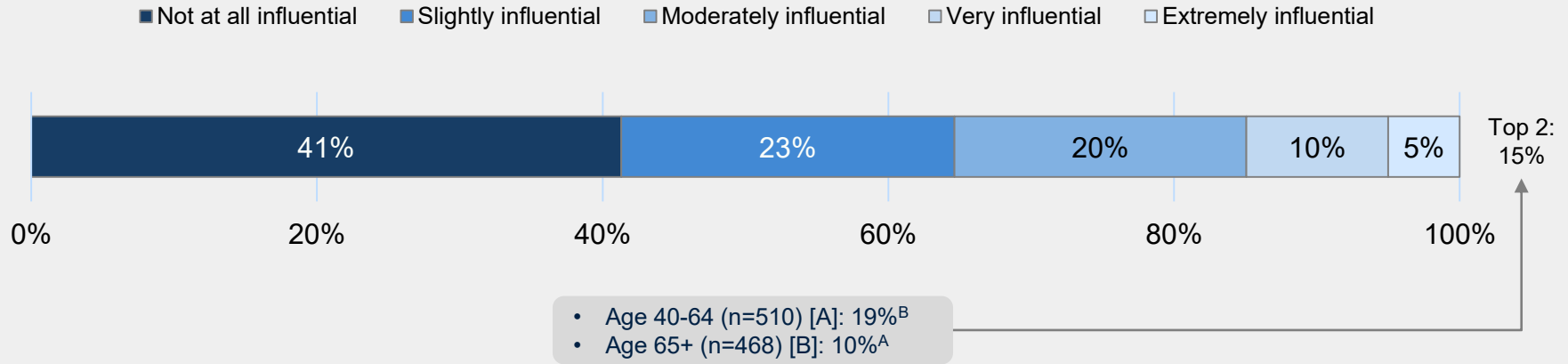
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## The COVID-19 pandemic has had only a moderate influence on **consumers' LTC**-related perceptions

- Specifically, well under a quarter (15%) say the pandemic has been highly influential on such perceptions.
- Nevertheless, the pandemic has proven more influential on broader health-related perceptions. Nearly two-thirds agree that the COVID-19 pandemic has made them more aware of their health's potential impact on their financial security (65%), that they are more worried about family members' health and wellness (64%), and that they feel a greater need to prepare for the unexpected (63%).

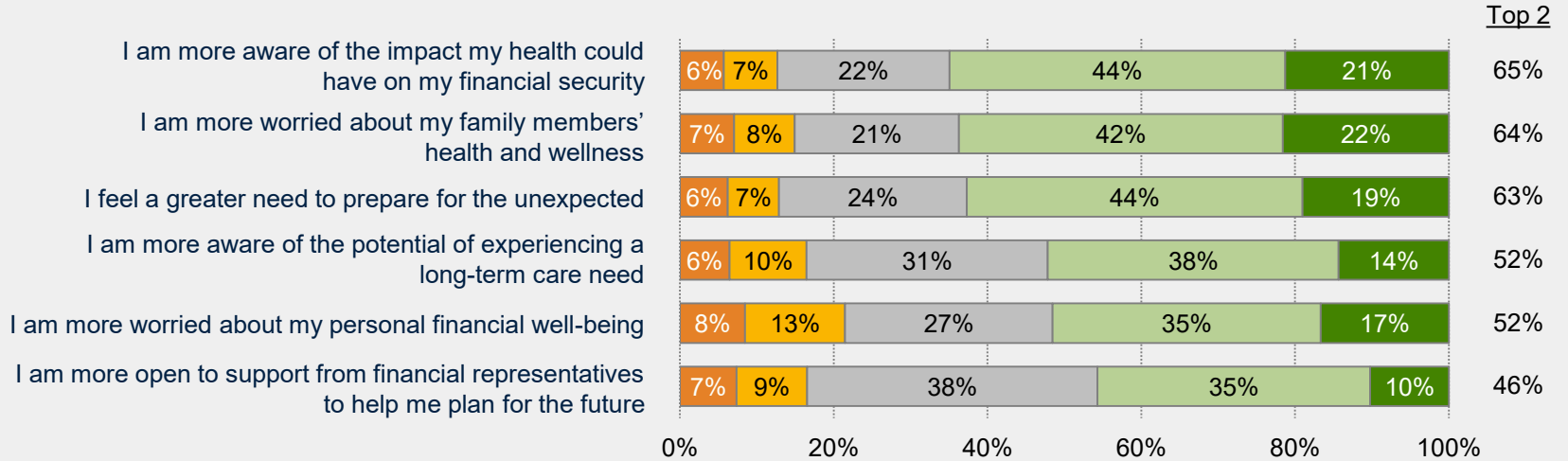
# Influence of pandemic on perceived need for LTC



Q7.1 How influential has the COVID-19 pandemic been on your perceptions of the need for long-term care? (n=978)

# Agreement with COVID-19 pandemic impact statements

■ Completely disagree   
 ■ Somewhat disagree   
 ■ Neither agree nor disagree   
 ■ Somewhat agree   
 ■ Completely agree



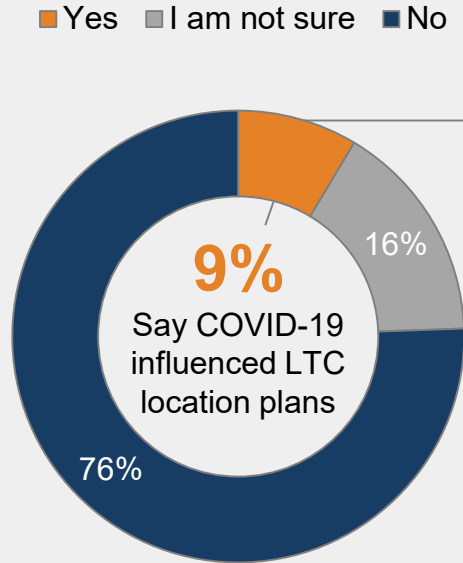
Q7.2 When considering the potential impact of the COVID-19 pandemic on your health and financial well-being, to what extent do you agree with the following statements? (n=978)

## COVID-19 pandemic's impact on where consumers plan to receive LTC is also relatively minimal

- Fewer than one in 10 (9%) say that it has influenced where they plan to receive LTC.
- Among those whose plan has been impacted, however, half (50%) were planning to receive care in a facility but now want to receive such care at home.



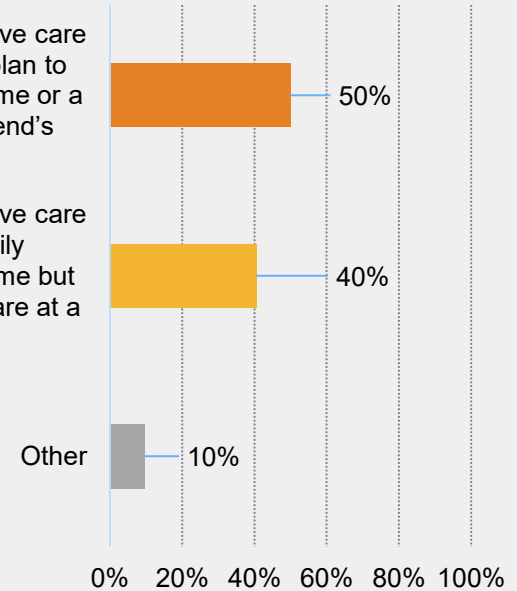
## Did COVID-19 pandemic influenced where they plan to receive LTC?



## Change in planned site of LTC due to COVID-19 pandemic

I was planning to receive care in a facility but now plan to receive care at my home or a family member's/friend's home

I was planning to receive care at home or a family member's/friend's home but now plan to receive care at a facility



Q7.3 Has the COVID-19 pandemic influenced where you plan to receive long-term care? (n=978)

Q7.4 How has the COVID-19 pandemic influenced where you plan to receive long-term care? (n=84)



# Experience Insurance

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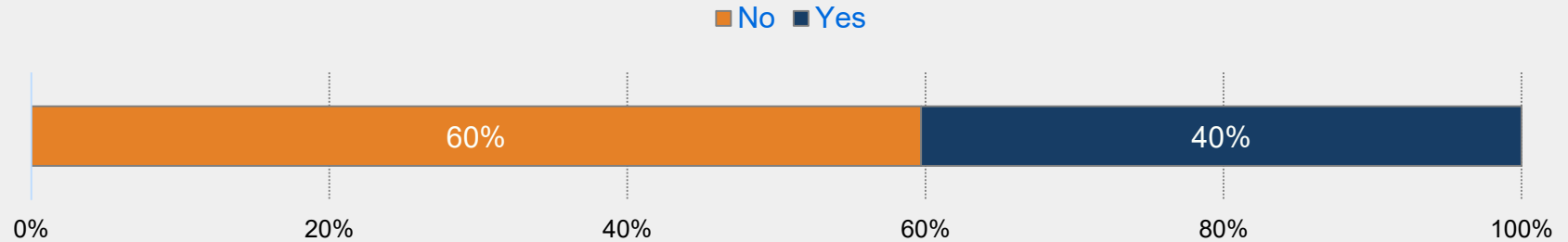




More than a third of the consumers in the study have had close family members receive LTC

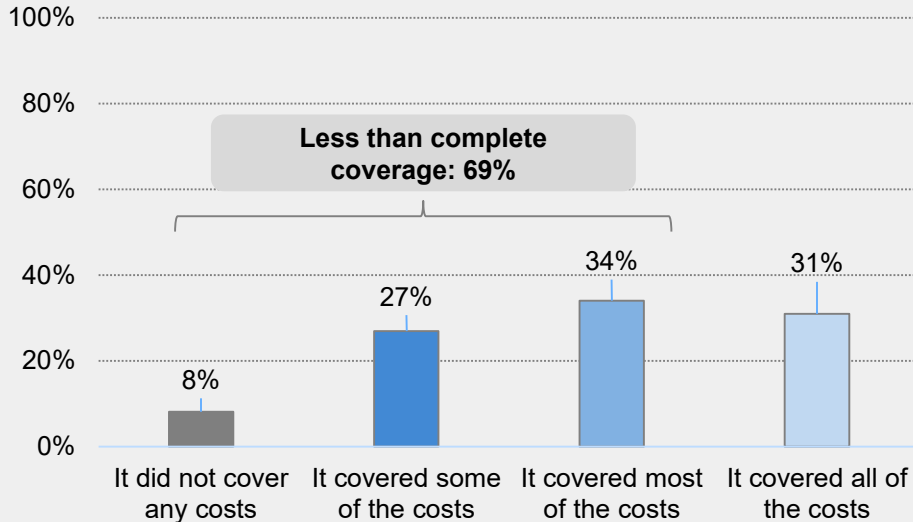
- Among them, less than one-third (31%) report that the recipient's planning and preparation was sufficient to fully cover LTC costs.
- Those who report that planning for LTC only covered most or some of the costs incurred. The most widely reported cause of the incomplete coverage was higher expenses than anticipated (46%).

# Close family members received LTC

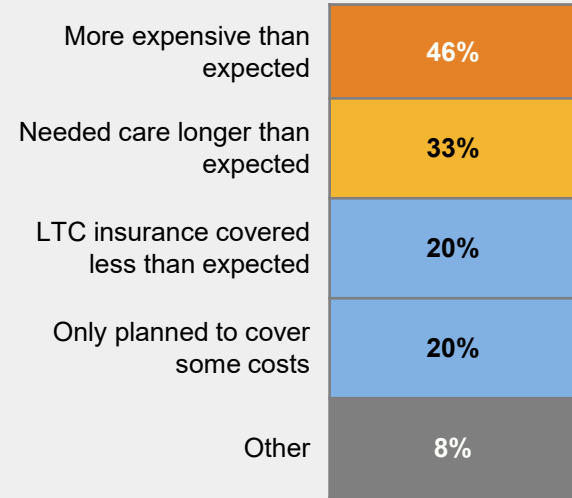


Q10.1 Do you or have you had any close family members receive long-term care? (n=978)

## Degree of coverage for family member that received LTC



## Reason for incomplete coverage of LTC costs



Q10.2 To what extent is/was your family member's planning and preparation enough to cover the costs of receiving long-term care? If you have had multiple close family members receive long-term care, please consider the person whose long-term care you are most familiar with. (n=394);

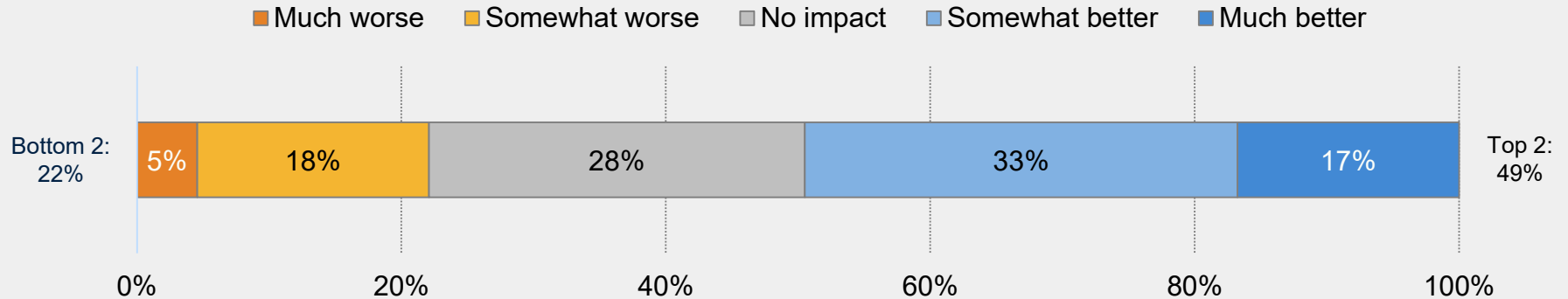
Q10.3 Why is/was your family member's planning and preparation not enough to fully cover the costs of long-term care? Select all that apply. (n=240)

About half of consumers with firsthand experience report that **LTC made their family member's** life better

- Few report that their family member had to change facilities or care options due to cost (15%).
- Among those who did see such a change, most (68%) report that the cost of care changed due to an increase in the level of care needed.

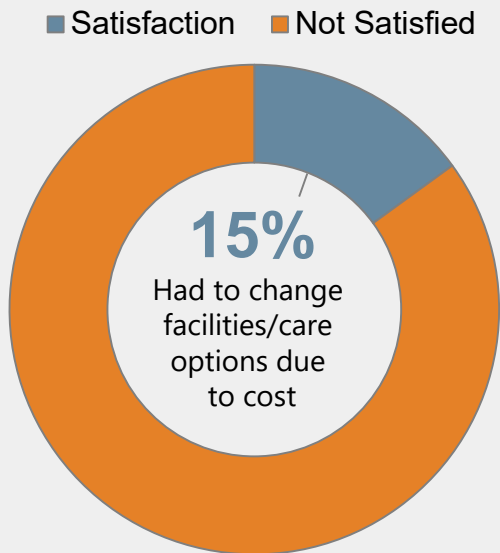


# LTC impact on recipient family member's quality of life

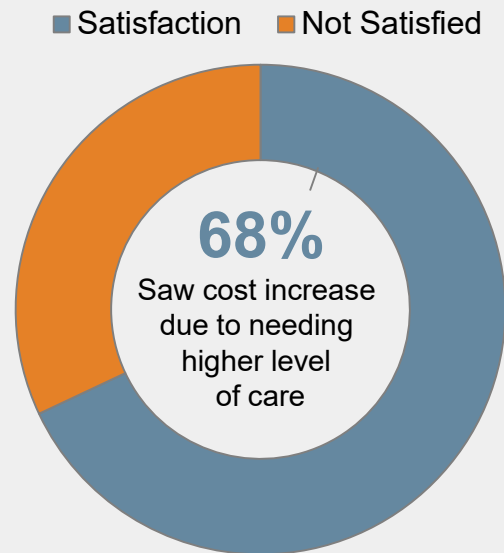


Q10.4 How has/did long-term care impacted/impact your family member's quality of life? (n=394)

## Change in facilities/ care options due to cost?



## Experienced change in cost due to increase in level of care needed?



Q10.5 Did the family member have to change facilities or care options due to cost? (n=394)

Q10.6 Did the cost of care change due to an increase in level of care needed? (n=60)



# LTC Insurance

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# Traditional LTC insurance

*Definition shared with consumers in survey*

With traditional long-term care insurance, you pay a premium for as long as the policy is in effect and make a claim if/when you need services covered. If you stop paying the premium, you typically lose coverage. A traditional long-term care plan will usually offer the lowest initial annual cost. Premiums can increase and benefits can change.

If you never need the coverage, however, no money is returned to you/your family. Since premiums are paid for the life of the policy, ongoing premiums requirements need to be factored into your retirement income strategy.



# Asset-based LTC insurance

*Definition shared with consumers in survey*

Asset-based long-term care insurance is designed to pay a benefit if you need long-term care services or not. This could take the form of life insurance combined with long-term care benefits, which would pay the face amount for care services or if care is not needed, will be passed to heirs upon death. Asset-based plans are generally funded in a single payment by repositioning an existing asset.

Additionally, asset-based long-term care insurance typically allows you to pay a one-time premium or a recurring premium that is guaranteed to not increase and benefits will not change. With certain tax provisions, most asset-based long-term care policies will be considered tax-free.

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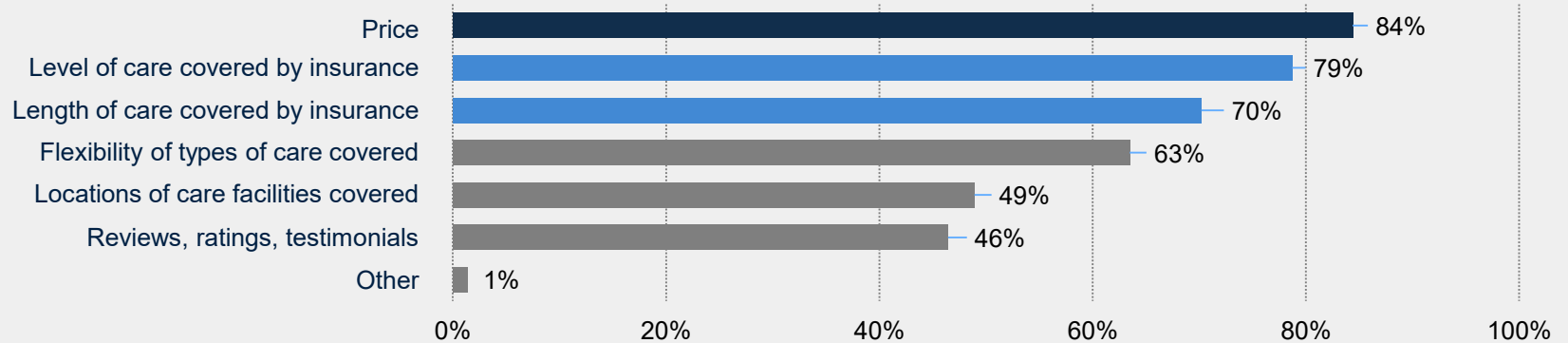
Nearly three-fourths of consumers have not researched LTC insurance options

- However, of those who do such research, they most commonly look for information on price (84%) as well as the level (79%) and length (70%) of care coverage.

## Researched LTC insurance options



## Types of information sought



Q5.3 Have you personally researched different long-term care insurance options? (n=978)

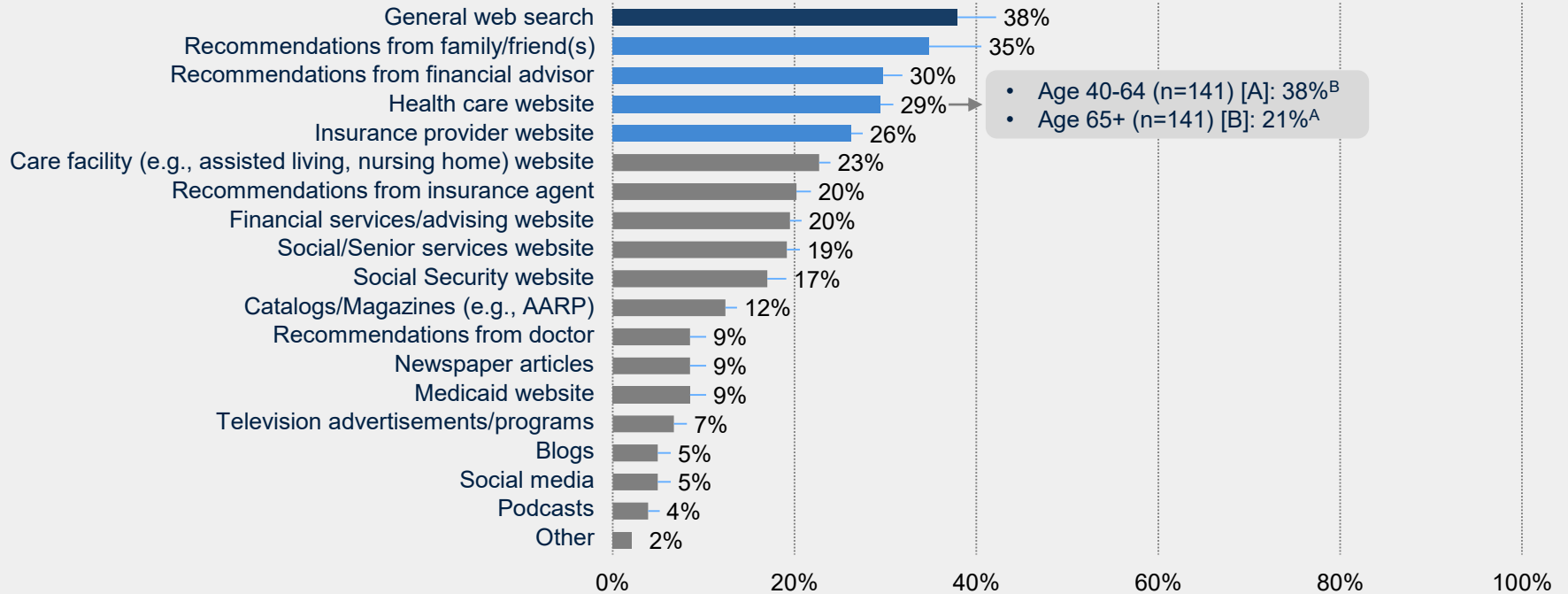
Q5.5 What kinds of information do you look for when researching long-term care insurance options? Select all that apply. (n=282)

## Consumers tend to research LTC insurance options online

- More specifically, general web searches (38%), health care websites (29%), and insurance provider websites (26%) are the most consulted online sources during research. These results provide insight into the most ideal places to reach consumers as they attempt to educate themselves and plan for the future.
- Advice from family/friends (35%) and financial advisors (30%) are also prominent resources.



# Sources used in LTC insurance research



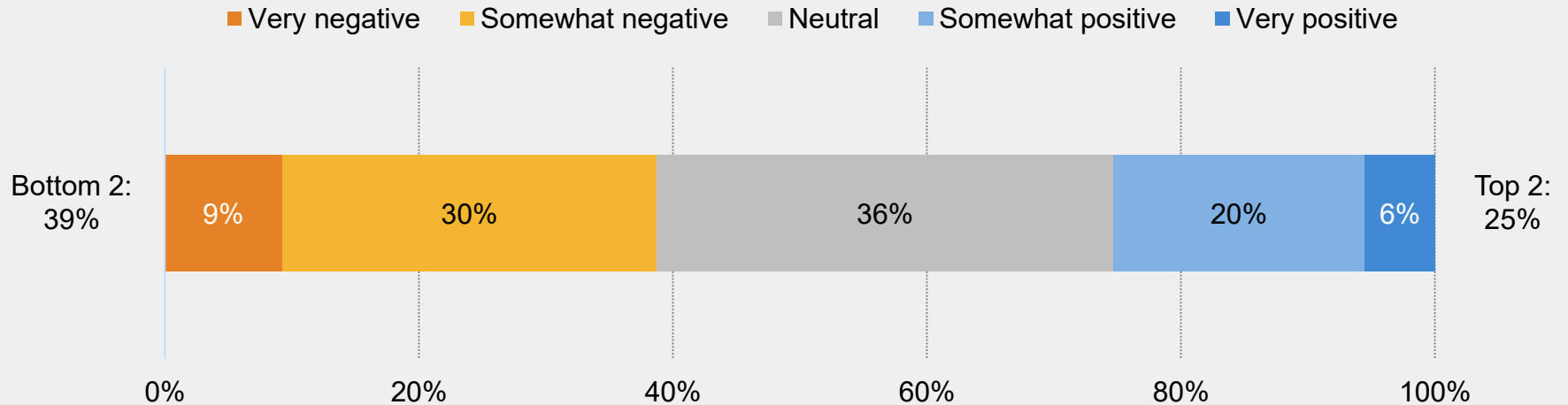
Q5.4 What sources of information have you used to research long-term care insurance options? Select all that apply. (n=282)

More consumers have a negative impression of traditional LTC insurance than a positive one

- Interestingly, more than a third (36%) tend to have a neutral perception.



# Impression of traditional LTC insurance



Q8.2 What is your impression of traditional long-term care insurance? (n=978)

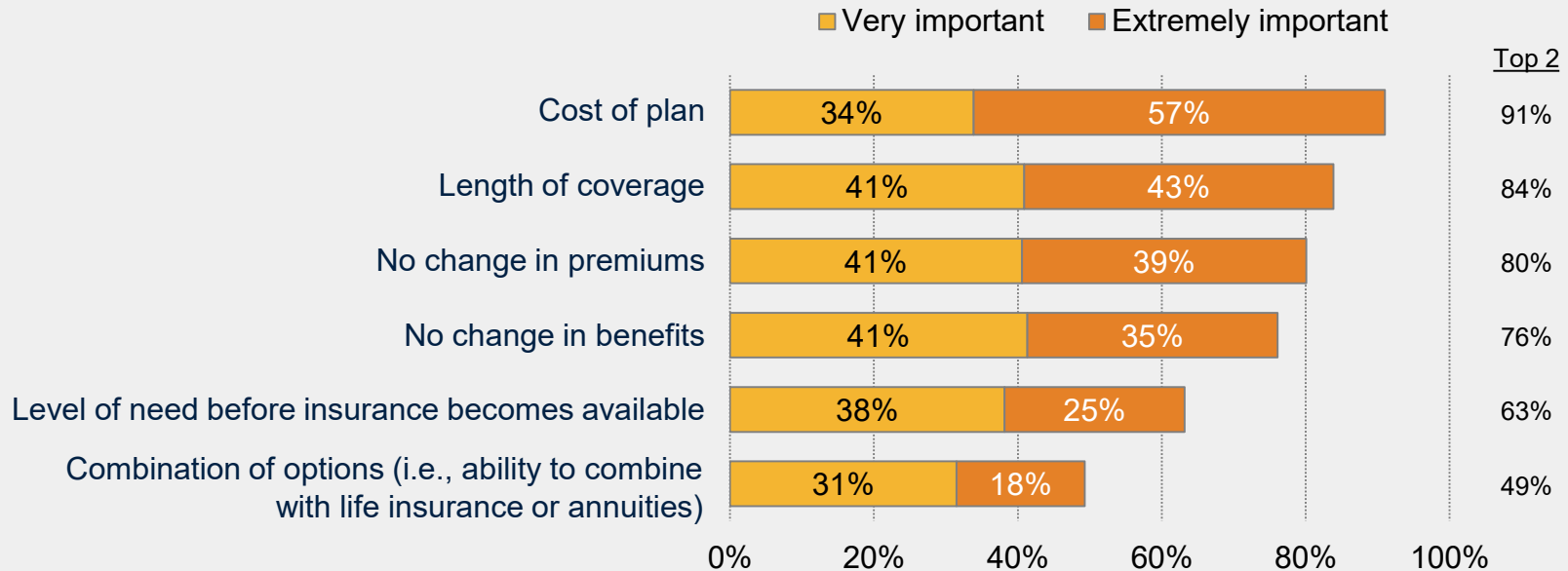


Consumers consider plan cost most important when considering LTC insurance

- This reinforces the importance of finances when planning for LTC.
- Length of coverage (84%) follows, echoing the most researched types of information.



# Attribute importance when considering LTC insurance



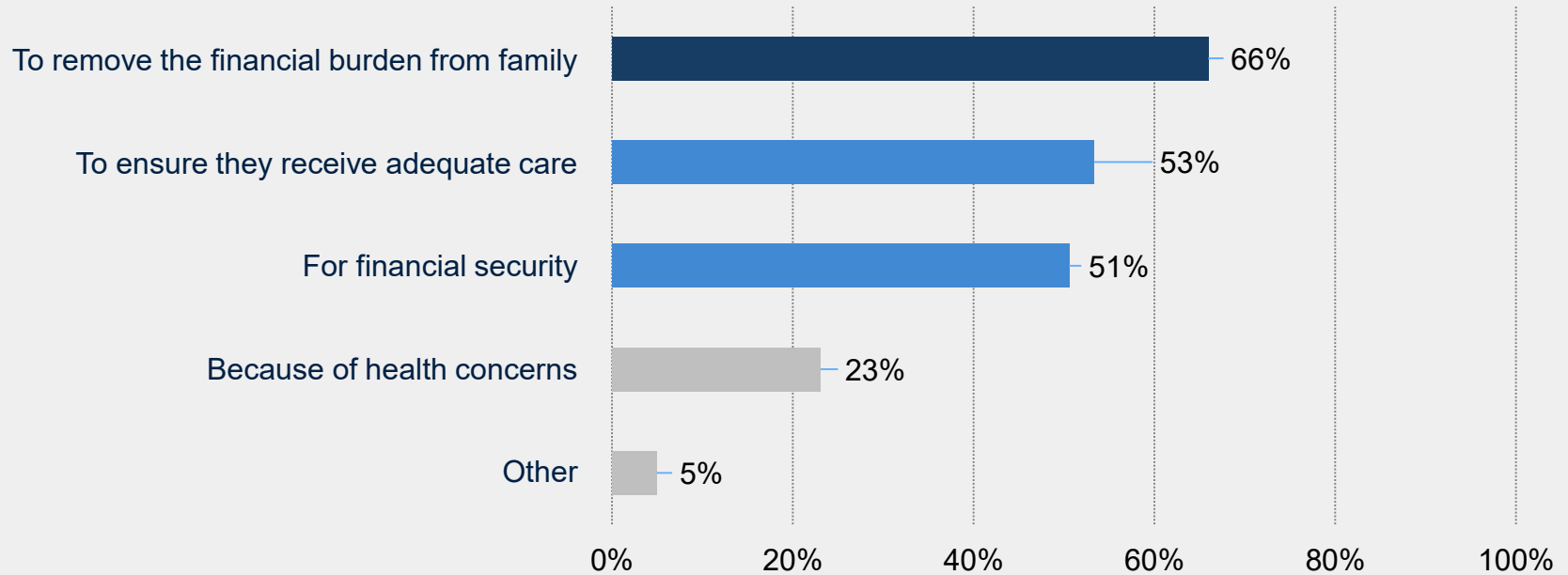
Q8.4 How would you rate the importance of each of the following attributes when considering long-term care insurance? (n=978)

Removing the financial burden from family is the most common motivation for purchasing LTC insurance

- For those who already have either stand-alone LTC insurance or have it through a life insurance plan, their other determinants include ensuring adequate care (53%) and financial security (51%) follow.



# Motivation to purchase LTC insurance



Q8.3 What motivated to you to purchase long-term care insurance? Select all that apply. (n=182)

# Asset-Based LTC Protection

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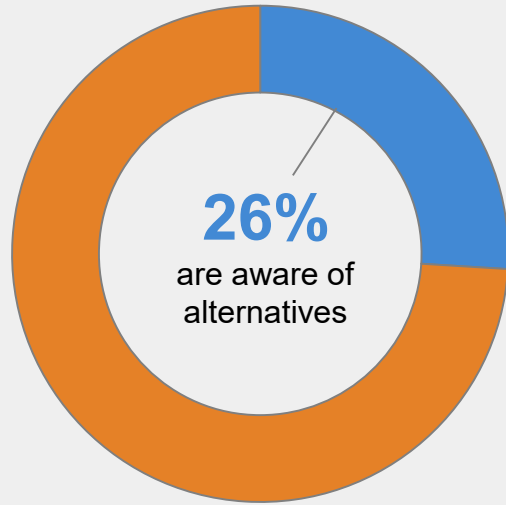
*Awareness & Evaluation*



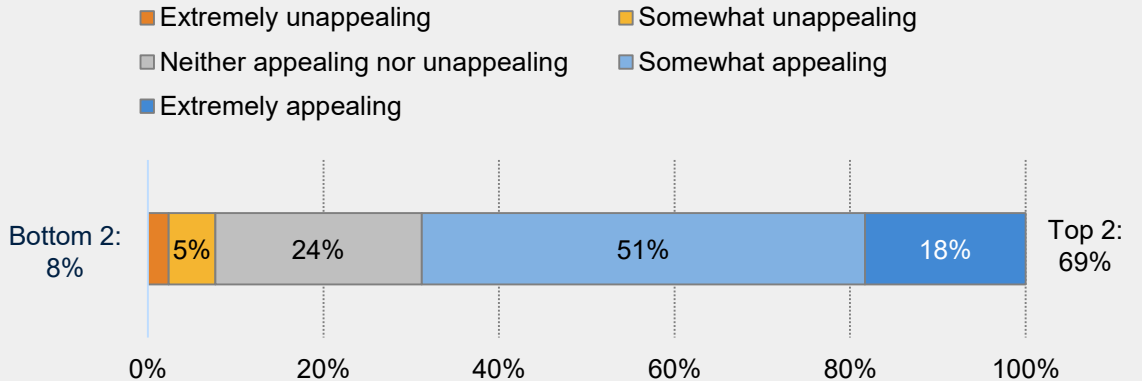
Among consumers aware of LTC insurance, only a quarter are aware of alternatives to traditional LTC insurance

- Despite relatively low awareness, two-thirds of consumers in the study find asset-based LTC insurance appealing.
- This represents a much higher share than the comparative measure for traditional LTC insurance (25%).

## Awareness of alternatives to traditional LTC



## Overall appeal of asset-based LTC protection



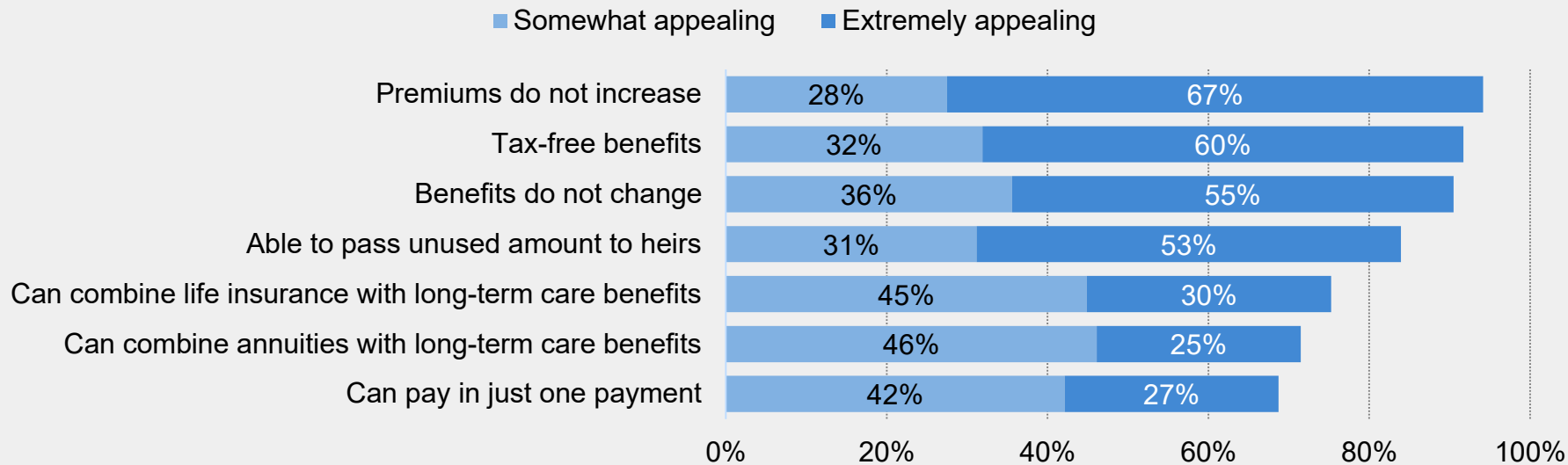
Q8.5 Prior to this survey, were you aware there were alternatives to traditional long-term care insurance (e.g., asset-based long-term care insurance)? (n=766);  
Q9.2 Overall, how appealing do you find asset-based long-term care insurance? (n=978)

## Asset-based LTC protection's most appealing features help address financial concerns

- Specifically, consumers find stable premiums (94%), tax-free benefits (92%), and unchanging benefits (90%) to be highly appealing.
- The ability to pass unused amount to heirs (84%) also has widespread appeal. This feature likely resonates given doubts about the likelihood of ever requiring LTC, as well as the desire to avoid undue burden on one's family.



# Asset-based LTC insurance feature appeal



Q9.3 How appealing do you find the following features of asset-based long-term care insurance? (n=978)



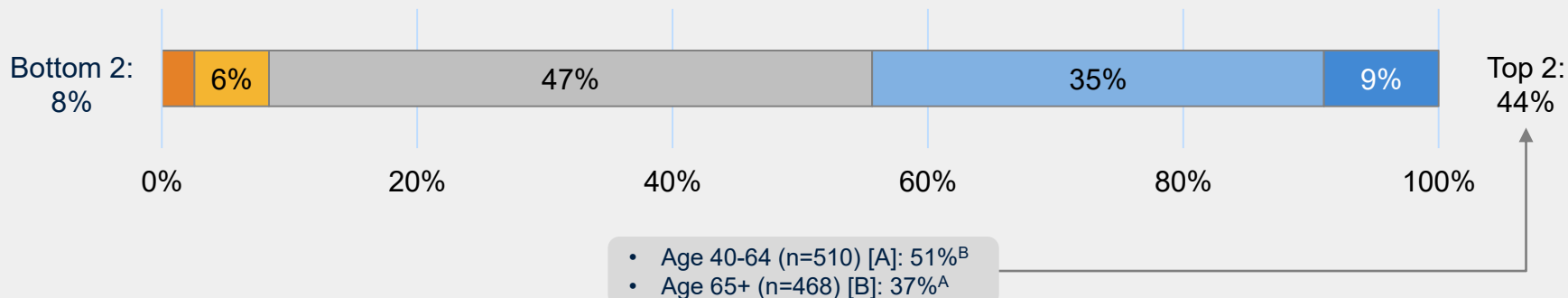
Nearly half of consumers in the study would purchase asset-based LTC protection at a reasonable price

- Unchanging premiums (81%) and unchanging/tax-free benefits (78% and 74%, respectively) drive likely purchases.
- The vast majority of the remainder (47%) may or may not purchase, indicating potential openness to the idea.
- Among the 8%, half say they don't see themselves using the option.



# Asset-based LTC insurance purchase likelihood

- Definitely would not purchase
- Probably would not purchase
- Might or might not purchase
- Probably would purchase
- Definitely would purchase



Q9.4 Assuming it was available at a reasonable price, how likely would you be to purchase asset-based long-term care insurance? If you have already purchased long-term care insurance, please imagine you are still shopping for long-term care insurance. (n=978)

## Reasons for not purchasing

I don't see myself using this	50%
I am used to the standard insurance method	21%
I would like to keep my long-term care insurance separate from life insurance or annuities	21%
I would prefer to pay over many years	17%
I do not plan to pass down my wealth	17%
Other	17%

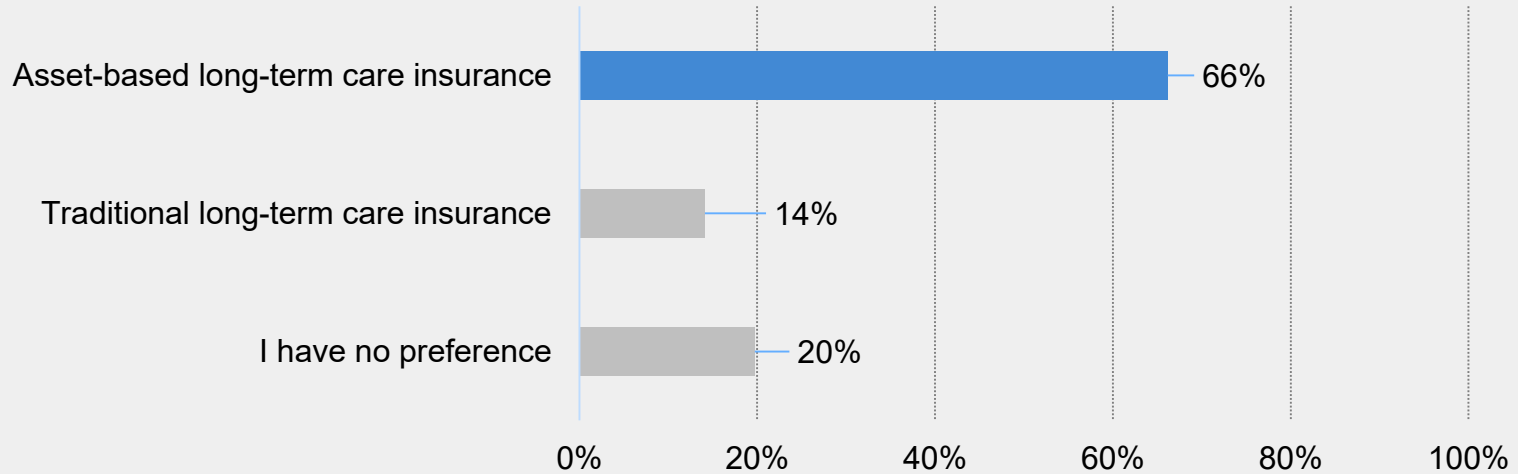
## Reasons for likely purchase

I like that premiums do not change	81%
I like that benefits do not change	78%
I like the tax-free benefits	74%
I like that I can pass down the unused amount to heirs	72%
I like that I can combine life insurance with long-term care benefits	55%
I like how I can pay one payment	51%
I like that I can combine annuities with long-term care benefits	42%
This product solves an un-met need for me	37%
Other	1%


Q9.5 Why are you not likely to purchase asset-based long-term care insurance? Select all that apply. (n=82);

Q9.6 Why are you likely to purchase asset-based long-term care insurance? Select all that apply. (n=434)

# LTC insurance type preference



Q9.7 Which type of long-term care insurance would you be most likely to purchase? If you have already purchased long-term care insurance, please imagine you are still shopping for long-term care insurance. (n=978)



# Respondent Characteristics

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# Respondent characteristics

## Age (n=978)

40 to 44	10%
45 to 54	18%
55 to 64	25%
65 to 74	39%
75+	9%

## Gender Identity (n=978)

Female	70%
Male	30%

## Region of Residence (n=978)

South	38%
Midwest	25%
Northeast	20%
West	17%

## Race/Ethnicity (n=978)

White or Caucasian	91%
Asian	3%
Black or African American	3%
Hispanic	3%
American Indian or Alaska Native	1%
Native Hawaiian or Other Pacific Islander	<1%
Other	1%
Prefer not to say	0%

## Highest Level of Education (n=978)

Some high school	1%
High school diploma/GED	14%
Some college or post-secondary technical training	25%
2-year degree	12%
4-year degree	25%
Some graduate school	5%
Graduate degree	19%
Prefer not to say	<1%

# Respondent characteristics

## Employment Status (n=978)

Employed full-time	29%
Employed part-time	8%
Self-employed	5%
Unemployed	4%
Stay-at-home parent/caregiver	5%
Student	<1%
Retired	46%
Unable to work	3%
Prefer not to say	1%

## Marital Status (n=978)

Single	12%
Married or living as married	63%
Separated or divorced	16%
Widowed	8%
Prefer not to say	<1%

## Household Size (n=978)

1 person	22%
2 people	52%
3 people	13%
4 people	8%
5 or more people	4%
Prefer not to say	<1%

## Annual Household Income (n=978)

\$0 to \$24,999	7%
\$25,000 to \$49,999	22%
\$50,000 to \$74,999	24%
\$75,000 to \$99,999	19%
\$100,000 to \$124,999	9%
\$125,000 to \$149,999	5%
\$150,000 to \$174,999	3%
\$175,000 to \$199,999	3%
\$200,000+	3%
Prefer not to say	4%

# Respondent characteristics

## Children in Home (n=978)

Children 12 years old or younger	9%
Children between 13 and 18 years old	11%
No children live with me	81%
Prefer not to say	2%

## Residence Area (n=978)

Suburban area	61%
Rural area	25%
Urban area	14%
Prefer not to say	<1%

NOT A DEPOSIT • NOT FDIC OR NCUA INSURED • NOT BANK OR CREDIT UNION GUARANTEED • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY • MAY LOSE VALUE





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LIFE INSURANCE | RETIREMENT | EMPLOYEE BENEFITS

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