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NICHE MARKETS

# A Double-Edged Sword

Long-term care poses a double threat to your female clients.

The need for long-term care will affect approximately 50 percent of all Americans.[1] But LTC does not have an impact on just retirees; it is also a double-edged sword that affects women specifically. Not only are women the primary nonpaid caretakers, they also eventually become the cared-for since they tend to outlive their husbands. This poses a unique challenge and an opportunity for you to help women plan for their LTC needs.

## Reality check

Here are some statistics you can use to show your female clients the gravity of their LTC situation:

- Women live about five years longer than men and have 10 times the chance of reaching age 85.[2]
- Women who live past age 65 have a 50 percent greater chance of entering a nursing home than men[3] and are twice as likely to be living alone.[2]

Women are also most likely to be the ones to care for a spouse or parent:

- Approximately 75 percent of unpaid caregivers for older family members and friends are female.[4]
- The average age of a female caregiver is 57; however, 25 percent of female caregivers are between the ages of 65 and 74, and 10 percent are over age 75.[5]

This can take a toll on the health and financial well-being of a woman who is a caregiver:

- Women who provide care for a disabled or ill spouse are six times more likely to suffer symptoms of depression[2] and have double the risk of coronary heart disease if giving care more than nine hours per week.[2]
- When balancing work with care giving, women face an average loss of $565,000 in lifetime earnings, plus loss of social security and pensions benefits.[2]

## Helping your clients plan

After reviewing these statistics, it is especially important for women to consider LTC in regard to themselves and their spouses. Instead of being the sole caretaker of a husband and risking her own health, planning LTC protection for the husband may also benefit the wife. Since she will be doing less of the care herself, her own health and well-being may be preserved, resulting in better overall care for her husband. Later, when she needs care herself, financial help will be available, preserving assets she would rather leave to her children. In addition, she won't be a burden to family members.

There are many ways LTC can be funded—from traditional stand-alone LTCI to asset-based protection via LTCI riders on life insurance or annuity contracts. Today, most clients are aware of the availability of stand-alone LTCI policies. However, while clients may understand the risks they are facing, they often hesitate to purchase a product with a "use-it-or-lose-it" component.

## Alternative solutions

Other alternatives may be more palatable to a client. Asset-based LTC via riders (usually at an additional charge) on life insurance or annuity contracts will allow the client to purchase a product with a dual purpose, assuring him that a goal can be met.

Qualified LTC riders on life insurance policies allow clients to collect their own death benefit via a tax-free monthly payout to help pay for LTC bills. This product may be a good choice for someone looking to leave more of a legacy to their beneficiaries, but who also has LTC concerns. If the asset is needed for LTC, it is there; if LTC is never needed or if not all the funds are used up, the beneficiary collects any remaining death-benefit amounts. Some annuity contracts also offer LTC riders, but they work a little differently. When the claim is filed, the contract value is either doubled or tripled to base payouts on, or the guaranteed payout is doubled, depending on the contract and the company.

If the rider is qualified (not all are qualified) under 7702((B)(b)), the payout, if collecting on an LTC care claim, will be tax free via the new Pension Protection Act laws that went into effect Jan.1, 2010. Contract value is reduced, usually dollar for dollar. The annuity solution may work best for a client who knows she is going to need income, and has LTC care concerns as well. Whichever need comes first can be addressed with the annuity contract.

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*(Federal tax laws are complex and subject to change. Neither Nationwide nor its representatives give legal or tax advice. It would be important to talk with an attorney or tax advisor for answers to specific questions.)*

*Sources:*
[1] *Centers for Medicare and Medicaid Services, U.S. Department of Health and Human Services,* [2] *American Association for Long-term Care Insurance,* [3] *AHIP,* [4] *Family Caregiver Alliance,* [5] *Journal of Women's Health.*