



LONG-TERM CARE PLANNING

The growing need for long-term care planning and how to incorporate it into your practice

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Agenda



The planning gap



**Importance of LTC
planning**



Bridging the gap

Source: Versta Research, "2020 LTC Marketing and Thought Leadership Research, Findings from Surveys of Financial Professionals and Consumers," Oct. 2020. <http://visit.lfg.com/MG-VRST-PPT001>.

The planning gap

What financial professionals are thinking

96%

of financial professionals surveyed say clients with LTC feel more confident about their financial future.

9 out of 10 financial professionals we surveyed agree that even for clients with enough money to self-insure, long-term care insurance can provide tax efficiency.



Nearly all financial professionals surveyed say...

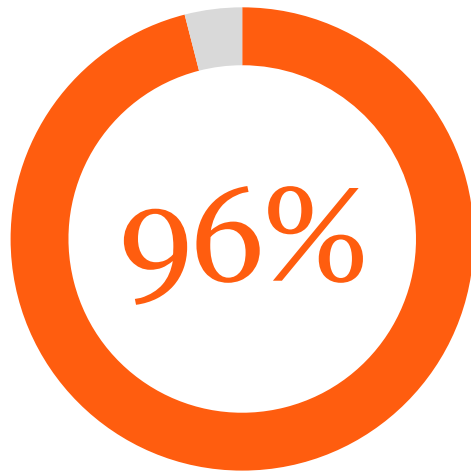
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LTC planning strengthens financial professional-client relationships and helps attract and retain the next generation of business by family planning.

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Source: Versta Research, “2020 LTC Marketing and Thought Leadership Research, Findings from Surveys of Financial Professionals and Consumers,” Oct. 2020. <http://visit.lfg.com/MG-VRST-PPT001>.

The planning gap with clients

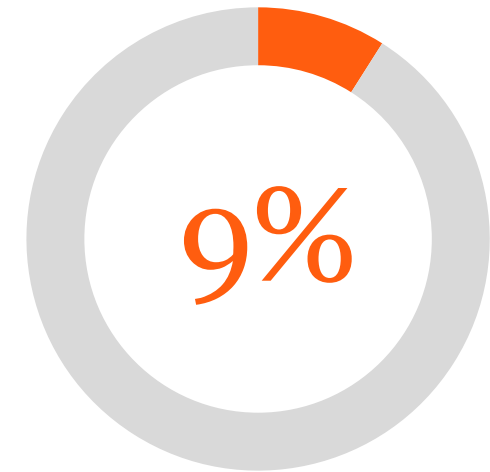


Consumers surveyed agree it is important to plan for long-term care.



9 out of 10

Clients surveyed believe financial professionals should be discussing long-term care.



Yet, very few consumers surveyed have talked with a financial professional about long-term care planning.

Source: Versta Research, "2020 LTC Marketing and Thought Leadership Research, Findings from Surveys of Financial Professionals and Consumers," Oct. 2020. <http://visit.lfg.com/MG-VRST-PPT001>.

Reasons for the planning disconnect



93% of financial professionals surveyed say **clients wait too long to plan for LTC.**

Clients tend to wait until they're 60 — financial professionals surveyed agree the ideal time is a decade or earlier.

Reasons cited by financial professionals

- Low priority
- Difficult to talk about
- Believe clients may not be interested

Reasons cited by clients

- “It can be overwhelming.”
- “It won’t happen to me.”
- “My financial professional hasn’t raised the issue.”

Source: Versta Research, “2020 LTC Marketing and Thought Leadership Research, Findings from Surveys of Financial Professionals and Consumers,” Oct. 2020. <http://visit.lfg.com/MG-VRST-PPT001>.

Importance of LTC planning

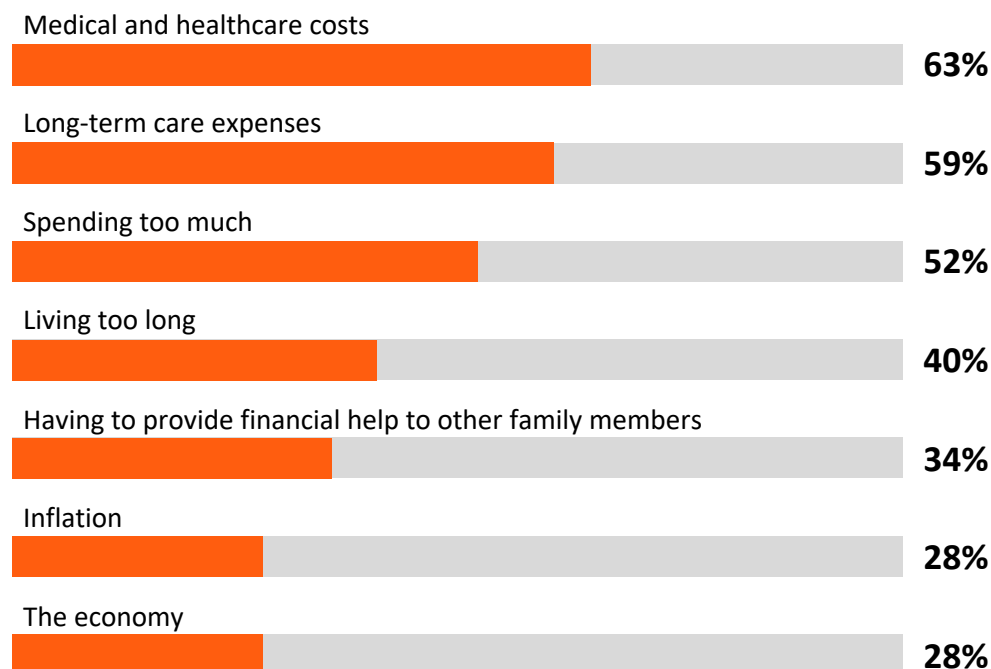
Why clients feel the need to plan for long-term care

The last years of retirement are the riskiest

When clients need long-term care and do not have a dedicated funding solution, financial professionals estimate that the **average annual withdrawal rate** from a retirement income portfolio jumps from

5% to 11%

Biggest risks to savings



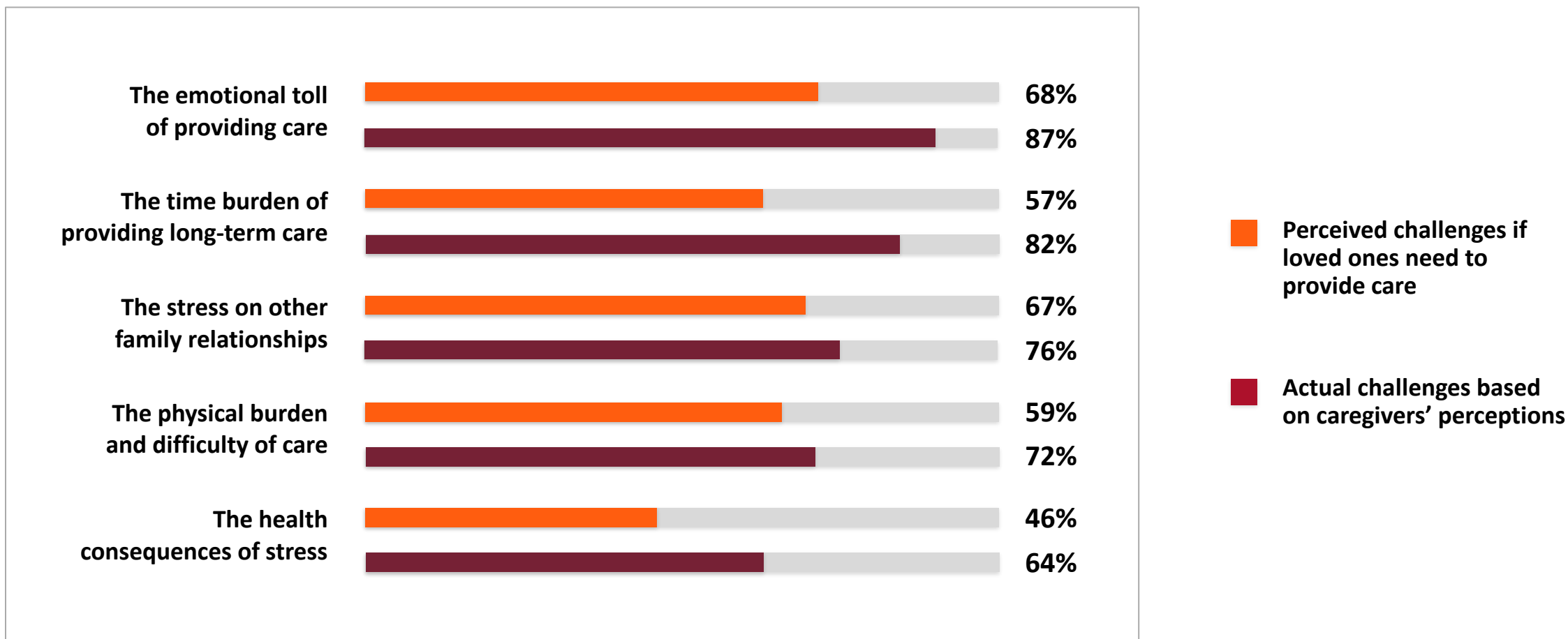
Most clients want to avoid relying on their children:

77% of clients we talked to would be **reluctant to ask their children** to provide long-term care.

Source: Versta Research, "2020 LTC Marketing and Thought Leadership Research, Findings from Surveys of Financial Professionals and Consumers," Oct. 2020. <http://visit.lfg.com/MG-VRST-PPT001>.

Why clients feel the need to plan for long-term care

The toll it takes on family is real



Source: Versta Research, "2020 LTC Marketing and Thought Leadership Research, Findings from Surveys of Financial Professionals and Consumers," Oct. 2020. <http://visit.lfg.com/MG-VRST-PPT001>.

Why financial professionals feel the need to plan for long-term care

Long-term care doesn't only affect an individual, it impacts families.



80% of financial professionals surveyed often see **families devastated by cost.**

75% of financial professionals surveyed see **families in conflict** over long-term care.

98%

of surveyed financial professionals say helping clients with stressful financial events strengthens relationships **and** the key to doing this is advance planning.

94%

financial professionals surveyed agree that long-term care planning will strengthen client relationships.

82%

of financial professionals we talked to wish they could incorporate long-term care planning more often with their clients.

Source: Versta Research, "2020 LTC Marketing and Thought Leadership Research, Findings from Surveys of Financial Professionals and Consumers," Oct. 2020. <http://visit.lfg.com/MG-VRST-PPT001>.

Bridging the gap

Discuss the important aspects of their plan



The costs of care

Visit the cost of care map at: www.Whatcarecosts.com/Lincoln
Enter sponsor code: Lincoln.



Initiate the long-term care conversation.



Health-related and financial decisions

Who will have access and authority to take charge?
Make sure their family members are aware of this.



Start earlier when underwriting is easier.



Their thoughts about caregiving

Since long-term care impacts the whole family,
encourage them to discuss it with loved ones.



Talk about long-term care alongside
retirement planning.



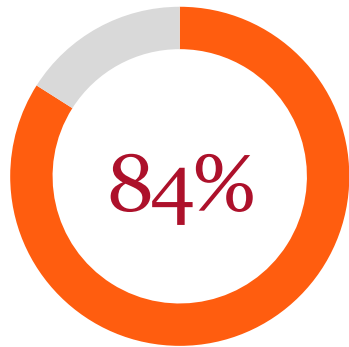
Legal matters

The client should have a living will, a current will, a durable
power of attorney, and a power of attorney for healthcare.



Encourage your clients to start talking
about it at home.

What topics should be discussed?



of financial professionals surveyed say the most important topic is **how it will be paid for.**

Most say nonfinancial elements are critical as well:



- Care preferences and healthcare directives
- Who will manage day-to-day aspects of care?
- Who will provide long-term care?
- Where long-term care will be provided?

Talk about personal experiences

Clients become more interested in planning when they have a personal connection to caregiving.

Top three triggers of client interest in LTC:

- Having someone close to them need care
- Seeing someone close to them become a caregiver
- Becoming a caregiver themselves

Source: Versta Research, "2020 LTC Marketing and Thought Leadership Research, Findings from Surveys of Financial Professionals and Consumers," Oct. 2020. <http://visit.lfg.com/MG-VRST-PPT001>.

Start conversations to open up planning opportunities



When clients do not have any personal experience related to long-term care, over half of financial professionals surveyed say they **talk about what other clients have gone through.**

Other top strategies to make long-term care discussions more real:

- Share statistics on how many need care.
- Share statistics about the cost.
- Talk about portfolio risks with no protection.
- Talk about the role of insurance in financial planning.
- Talk about the care they want and the risk of not getting it.
- Talk about the impact on their family.

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A quick recap

Clients and financial professionals agree LTC is important, yet only 9% of clients have planned for it.



The planning gap

Financial professionals witness the impact of LTC on families, while clients raise healthcare and LTC as a top concern.



Importance of LTC planning

Bridging the 9% gap starts with a conversation.



Bridging the gap

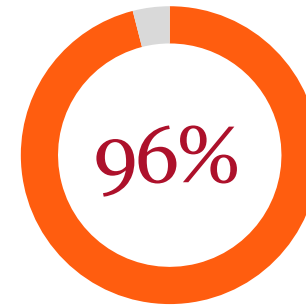
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Next steps



Identify the clients who you need to “bridge the gap” with and ask them these key questions:

1. **Where do they want to receive care?**
2. **Who will provide it?**
3. **How will they pay for it?**



Nearly all financial professionals feel it is extremely important to use long-term care insurance carriers who have a proven track record.

Ask your Lincoln representative about our solutions and resources. Reach out to your dedicated representative for hypotheticals or help identifying clients who can benefit from this type of planning.

Source: Versta Research, “2020 LTC Marketing and Thought Leadership Research, Findings from Surveys of Financial Professionals and Consumers,” Oct. 2020. <http://visit.lfg.com/MG-VRST-PPT001>.

Research methods

Versta Research, a third-party research firm, was commissioned by Lincoln Financial Group to design and conduct two surveys — one among consumers and one among producing financial professionals—on the topic of long-term care attitudes, experiences and planning.

Consumer survey

- Sample of 1,003 U.S. adults
- Recruited from a national online research panel used exclusively for polling and research
- Sampling was stratified by age, gender, race and ethnicity, region, income and education, with final data weighted to match U.S. Census.

Financial professional survey

- Sample of 401 producing financial professionals
- Recruited from national online business panels used exclusively for research
- To qualify for the survey, financial professionals had to have familiarity with long-term care or hybrid products, minimum five years tenure as a financial professional, and a minimum average client portfolio of \$100,000.
- Financial professionals represent a full range of channels, including independent broker-dealers, wirehouses, regional and insurance broker-dealers, banks, and others.

The surveys were conducted from July 23 to August 17, 2020.

Questions?

Thank You

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