

New Long Term Care Study Finds Baby Boomers Highly Value This Insurance but Many Have Not Purchased the Protection for Themselves - Yet

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Study of Boomers Finds That a Parent's Long-Term Care Experience Increases Boomers' Desire to Acquire Their Own Coverage

Survey Indicates More Needs To Be Done to Educate and Motivate Boomers To Take Action Now

NEW YORK--(BUSINESS WIRE)-- American Baby Boomers, age 46 to 64, already confronting a difficult economic environment, are ill-prepared for the negative impacts of a long-term care event and have ignored the lessons learned through the experiences of their parents.

Baby Boomers recognize the family's financial and emotional burden in the face of a long-term care event and they highly value what long term care insurance can do to alleviate those burdens, but haven't taken the necessary action to secure this coverage, according to a major new study released today.

"This study explored the influence a parents' long-term care experience can have on their Boomer children. Boomers overwhelmingly say they learned the consequences of being unprepared, however very few currently have long-term care insurance. Even though Baby Boomers face a more than seven in ten chance* that they will have some long-term care needs later in life, many haven't connected the risk to their own personal situation," said Mathew Greenwald, Greenwald & Associates. "While the industry has started to see positive signs with sales up more than 10% this year, the survey reveals a disconnect and points to the need for the insurance industry to do more to help educate the public on the impact of long-term care events."

"The study revealed that Boomer's personal experiences have motivated a growing number to take renewed stock of their financial decisions, including their long-term care coverage. Even further, Boomer's voiced an inclination to buy this coverage, but on the whole have not yet purchased it, creating an interesting disconnect," said Mike Gallo, senior vice president in charge of Long Term Care, New York Life.

Boomers Place High Value On Insurance Coverage

The survey revealed a strong recognition among Baby Boomers of the benefits of long-term care insurance with the top financial and emotional benefits of coverage identified as follows: helping protect family from paying, 87%; providing peace of mind, 85%; ensuring retirement

savings remains intact, 84%; and helping with the ability to leave an inheritance, 70% of those Baby Boomers whose parents had long-term care insurance coverage in place and used it, 72% said it was a good value. The Boomers whose parents had long-term care insurance felt the key benefits were:

- * Lessening the family's financial contribution to care, 84%
- * Lessening the time for care by family members, 77%
- * Increasing the quality of care, 76%
- * Preserving the parents' nest egg, 70%
- * Helping Boomers focus on their own financial goals, 61%

For those surveyed whose parents needed long-term care, but did not have long-term care insurance coverage in place, 71% believe that coverage would have provided the family with peace of mind and 63% believed it would have increased the quality of care. Four in ten concede that it would have been easier for their parents to receive the care they needed if they had had long-term care insurance.

The survey showed for those without coverage the negative impact was felt by both the parent and the Baby Boomer. The strongest negative impact reported on the parent was emotional well-being, savings and ability to leave an estate. The greatest negative repercussions on Boomers were their quality of life and emotional health.

Experience Increases Boomers Desire For Coverage

Overall, four in ten Boomers (42%) say their parents' experiences and the cost of care have made them more inclined to buy coverage. Baby Boomers whose parents had long-term care insurance are more apt than other Boomers to have on their radar screen the issue of how they will pay their own long-term care bills. Even further, more Boomers (64%) whose parents used the coverage stated they were likely to purchase the coverage, than Boomers whose parents did not have the coverage (37%).

Addressing The Disconnect

Directly dealing with a parents' long-term care needs does not seem to influence purchasing behavior, with only 9% actually have individually-purchased long-term care coverage. Although many Boomers describe themselves as likely to purchase long-term care insurance, most haven't yet and the question is why.

There are signs that Baby Boomers still don't fully understand how long-term care financing works and don't grasp the reasons for addressing this issue sooner rather than later. Only 27% of Boomers could generally estimate the annual cost of nursing home care and a majority assume that they will be able to use government funding to pay their long-term care bills. Over one-third (35%) feel it's an issue that only needs to be dealt with later in life.

In addition, there's some evidence that consumers struggle with the idea of purchasing a product that they may never need. Half (47%) at least somewhat agreed with the statement that "long-term care insurance is not worth the cost because you may never use it." Many fail to understand the likelihood of needing this type of care: only 23% believe they will need long-term care services in the future.

The survey does indicate that outside of a long-term care experience, there is a broader lesson learned among Boomers: A parent's inclination to plan for the future does get passed down to their children. Boomers whose parents had the foresight to buy long-term care insurance, regardless of whether they ultimately used it, are more inclined to have purchased the coverage for themselves, with ownership of this insurance higher among those whose parents also owned long-term care insurance 17% vs. 7% for those whose parents did not have long-term care coverage.

Additional Key Findings

Boomers Worry Over Parents' LTC Needs

A detailed analysis of self-reported long-term care experiences with parents (and parents in-law) revealed that 41% of Boomers already had or currently have a parent with a long-term care need. Boomers are clearly far more likely to be dealing with a mother (or mother in-law) that needs care, compared to a father (74% vs. 48%). Moreover, the majority of Boomers whose parents haven't needed it yet express concern that their aging parents will require long-term care in the future. These Boomers worry that the cost of care will exhaust their parents' savings (81%) and that the quality of care won't be good enough (79%).

Boomers Recognize The Toll It Takes On Families

Among Boomers who dealt with a parents' long term care needs, nearly half (46%) say their parent received family-provided care at home and another 44% suggest care was received at home with the help of a health care aid or nurse. Nearly four in ten (39%) say that the experience had a negative impact on their own emotional well-being and overall quality of life; one-quarter (27%) suggest their physical health was negatively impacted. One-third (32%) say the relationship among different members of the family deteriorated as a result of a parent's need for care. Given this, it's not too surprising that some Boomers say what they learned from their parents is to avoid relying on or burdening your family.

Boomers Grasp The Consequences Of Their Own LTC Needs

Baby Boomers have many of the same concerns for themselves, with more than half worrying that they will require long-term care. The top concerns among concerned Baby Boomers were identified as:

- 89% fear not being able to afford the best possible care;

- 87% are concerned that paying for long term care services will deplete their savings;
- 84% worry that their spouse would be overwhelmed by the responsibility of helping with care, and 79% worry about their children in the same regard;
- 84% are concerned that the quality of care would not be good enough; and
- 83% worry that they would not have access to every possible option of care.

Survey Methodology

The online survey of 1,073 Americans ages 46 to 64 was conducted by the research firm of Mathew Greenwald & Associates. Participants were selected from among members of Synovate's leading Global Opinion Panel. A similarly-sized random sample of 1,073 consumers would yield a margin of error of plus or minus 3% at the 95% confidence level. The survey was concluded in August 2010. A full description of the survey methodology is available upon request.

About New York Life

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** Source: The 2010 Sourcebook for Long-Term Care Insurance. 2010, by Milliman.*

***New York Life is the largest mutual life insurance company based on the Fortune 500, ranked within industries, Insurance: Life, Health (Mutual), Fortune magazine, May 3, 2010.*

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