



The MassMutual Long Term Care Studies

Overview and Summary

FOR FINANCIAL PROFESSIONALS. NOT FOR USE WITH THE PUBLIC.

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Background & Methodology

Massachusetts Mutual Life Insurance Company (MassMutual®) has focused on protecting our policyowners since our founding in 1851, and we believe it is important to know what they are thinking and feeling. We recently commissioned two studies to better understand how consumers view long term care and the financial and emotional aspects involved, as well as the view from the financial professional.

The MassMutual studies will help you to understand the long term care (LTC) marketplace, the consumer need, as well as prepare for LTC discussions with your clients. The studies reveal important information in three main categories:

- I. | Long term care in the U.S.
- II. | Impact on the financial professional, their firm, and their clients
- III. | The need for the LTC discussion with your clients

Methodology

Consumer Survey and Focus Groups

The MassMutual Long Term Care in America Study included two phases of research, a quantitative survey of consumers as well as a series of focus groups with both owners and non-owners of long term care insurance.* MassMutual partnered with research firm Greenwald Research for both phases of the study.

SURVEY



A survey of 1,009 consumers was conducted online between October 1 and 11, 2019. Respondents were required to be between the ages of 45 to 70, have household assets of at least \$500,000, and have liquid assets of at least \$75,000. The results were weighted to be reflective of the broader population in these age and asset ranges. The margin of error for the survey is +/- 3% at the 95% confidence level.

FOCUS GROUPS



Four focus groups were conducted in December 2019 in Boston, MA, and Deerfield, IL. In each city, one group consisted of those who own long term care insurance and the other included non-owners who are interested in purchasing a policy in the next three years. Both sets of audiences also had to match the age and asset requirements of the survey phase.

Financial Professional Study

The MassMutual Long Term Care Study of Financial Professionals included a survey of 250 financial professionals. The survey was conducted by Greenwald Research between October 12 and November 5, 2020.

FINANCIAL PROFESSIONALS



Respondents were required to have worked as a financial professional for at least three years, derive 50% or more of their income from individual clients, have at least 40% of their clients be ages 45 to 70, and have an income of \$100,000 or more from their personal advisory work with individuals.

* For the purposes of the studies, long term care insurance included traditional LTC insurance and hybrid LTC/Life insurance policies.

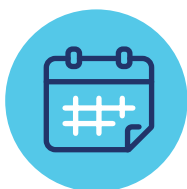
Understanding Long Term Care (LTC)

Long term care in the U.S.

Good news! In the U.S., we are living longer than past generations. And we have the ability to live long, active, and fulfilling lives. Today, one out of every three 65-year-olds can expect to live past age 90¹.

And as a population, we are aging well. Over the recent decades, there have been significant advances in medicine and this continues at a rapid pace. So as we age, we may experience a need for long term care. And as you think about how a potential long term care event can affect your clients and their families, it is important to understand how family support dynamics are generally changing in the U.S.

We are experiencing changing family dynamics in the U.S., which makes it even harder to get care from loved ones. Family size has decreased considerably², and adult children themselves are more likely to have moved away from their parents³.



About **300,000** people turn **age 65 per month**⁴



...of those that **turned age 65**
(2015-2019)



52% will have a long term care need in the future⁵

The demographic composition of the U.S. is shifting. One primary change is that the size of the retired population is growing tremendously.

With the aging population comes a growing need for resources to support the health and well-being of the older generation. Your clients need your help to plan for their life, health, and welfare throughout retirement.

What is long term care?

Long term care is a variety of services and supports to help meet personal care needs over an extended period of time. Long term care may involve non-skilled personal care assistance such as help with performing everyday Activities of Daily Living (ADLs), which are bathing, dressing, using the toilet, transferring, caring for incontinence, and eating.

ACTIVITIES OF DAILY LIVING



Bathing



Dressing



Using the Toilet



Transferring



Caring for
Incontinence



Eating

Long term care services can be very expensive. Nationally, care from a home health aide costs about \$24 per hour⁶, and while getting care at home, you will still have ordinary living expenses. The national median cost for a private room in a nursing home is \$105,850 annually.⁶ The average cost can vary significantly by factors such as type of service, cognitive status, and geographic location.

COST OF CARE

\$105,850

Nursing Home Care (365 days of care)⁶
National Annual Median Cost for Private Room

\$24/hour

Cost for Home Health Aide⁶
National Hourly Median

Findings of the MassMutual studies

I. Long term care in the U.S.

The unfortunate reality for American families today is that long term care is an all-too-familiar issue. Here are some powerful statistics on the current magnitude of the long term care marketplace in the U.S.:

- Someone turning age 65 has a 52% chance of needing long term care in the future.⁵
- The average length of time they will need long term care is 2 years.⁵

Underestimating the need for long term care

Below are some interesting facts uncovered from our survey questions regarding the awareness of long term care prevalence in the U.S.:

Among those surveyed, expectations that a long term care need will occur are surprisingly low.

EXPECTATIONS OF NEEDING LONG TERM CARE



But as highlighted above, the reality is someone turning age 65 has a 52% chance of needing long term care in the future.⁵

The emotional and financial burdens of long term care

The comprehensive retirement planning that a financial professional provides is the necessary path to solve for consumers' long term care needs in the future. But the concern goes well beyond a financial need, there is also a greater emotional component.

While the costs of paying for LTC can be staggering, the survey demonstrates that the emotional toll of an LTC need outweighs the financial burden. The following statistics were determined by those consumers who had a family member or loved one experience a long term care need.



found the event
FINANCIALLY
difficult



found the event
EMOTIONALLY
difficult

II. Consumers and financial professionals want to have the LTC conversation

Consumers want to have the conversation with financial professionals

The estimated occurrence rate of LTC needs is increasing, and the average estimated LTC cost is a significant sum for any family. Clients rely on their financial professional to provide guidance and information, especially as long term care costs continue to increase and may affect their retirement savings.

Although discussing LTC with your client is a key component of solving future LTC needs, **financial professionals as a whole may not be engaging clients on the topic sufficiently.**

The survey responses clearly show that clients want to have the discussion about LTC, and financial professionals feel it's their responsibility to have these discussions.

75% OF CONSUMERS who work with financial professionals believe all financial professionals **SHOULD DISCUSS** long term care insurance with clients.



92% OF FINANCIAL PROFESSIONALS believe they have the **RESPONSIBILITY to DISCUSS** long term care insurance with clients.



20% OF CONSUMERS who work with financial professionals have **EXTENSIVELY DISCUSSED** how to pay for long term care with a financial professional.



The opportunity to help your clients is bigger than you think

Our two studies revealed some interesting findings on the interest level in long term care protection. We assembled the survey responses from both the viewpoint of the consumer and the viewpoint of the financial professional.

The surveys evaluated:

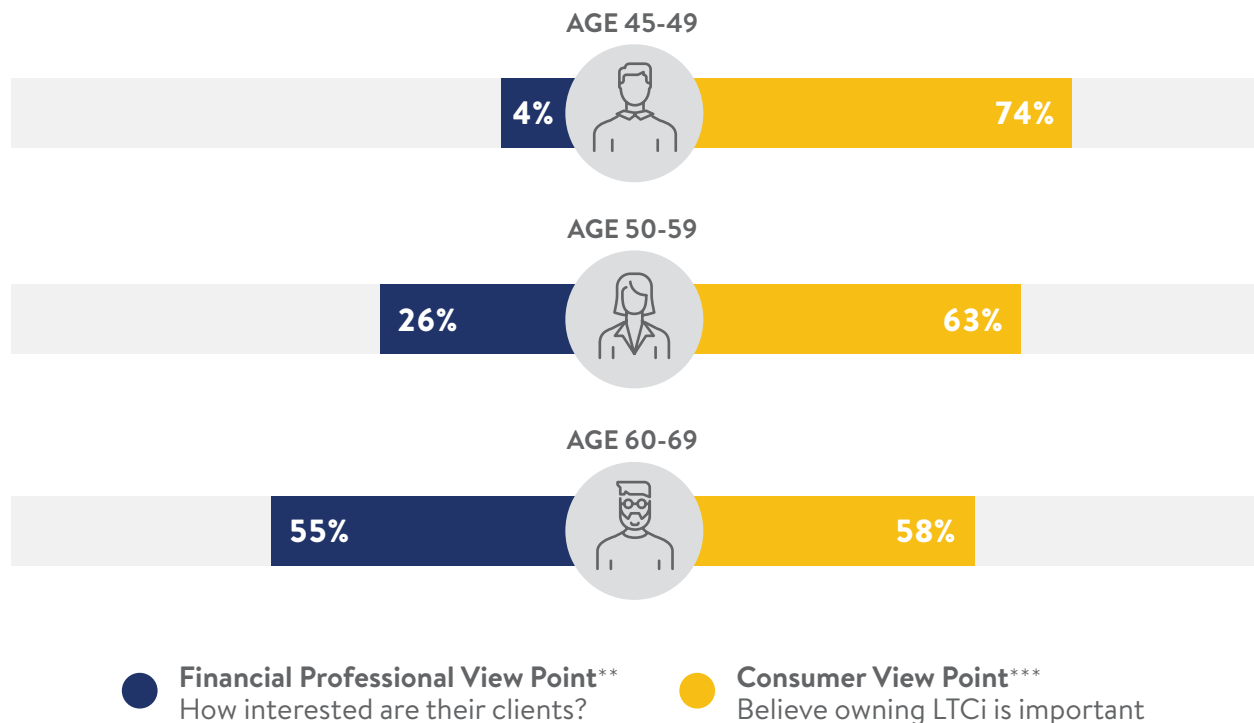
1. The consumers' interest in long term care insurance*
2. The financial professionals' opinion of the consumers' interest in long term care solutions

Financial professionals estimated lower levels of interest among certain demographics, while the consumer response reveals a more significant interest in long term care solutions.

Interest In Long Term Care Protection

AGE DEMOGRAPHIC

Key findings: **YOUNGER** clients are interested in long term care solutions



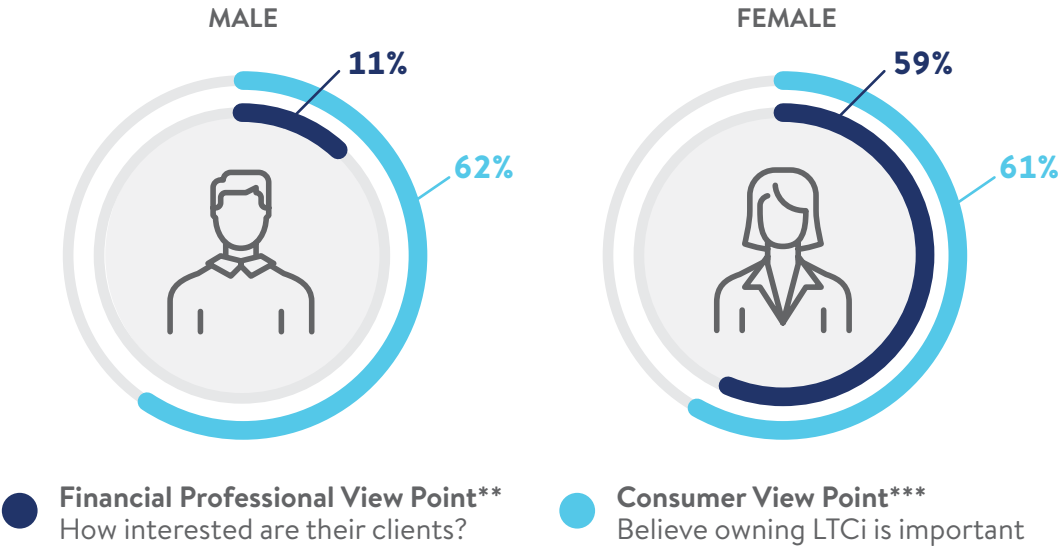
* For the purposes of the study, long term care insurance included traditional LTC insurance and hybrid LTC/Life insurance policies.

** Financial Professional Survey: In your experience, how interested do clients from the following groups tend to be in purchasing a long term care solution? Interested/Not Interested.

*** Consumer Survey: It is important to have long term care insurance to avoid being a burden on your spouse/partner or family. Agree/Disagree.

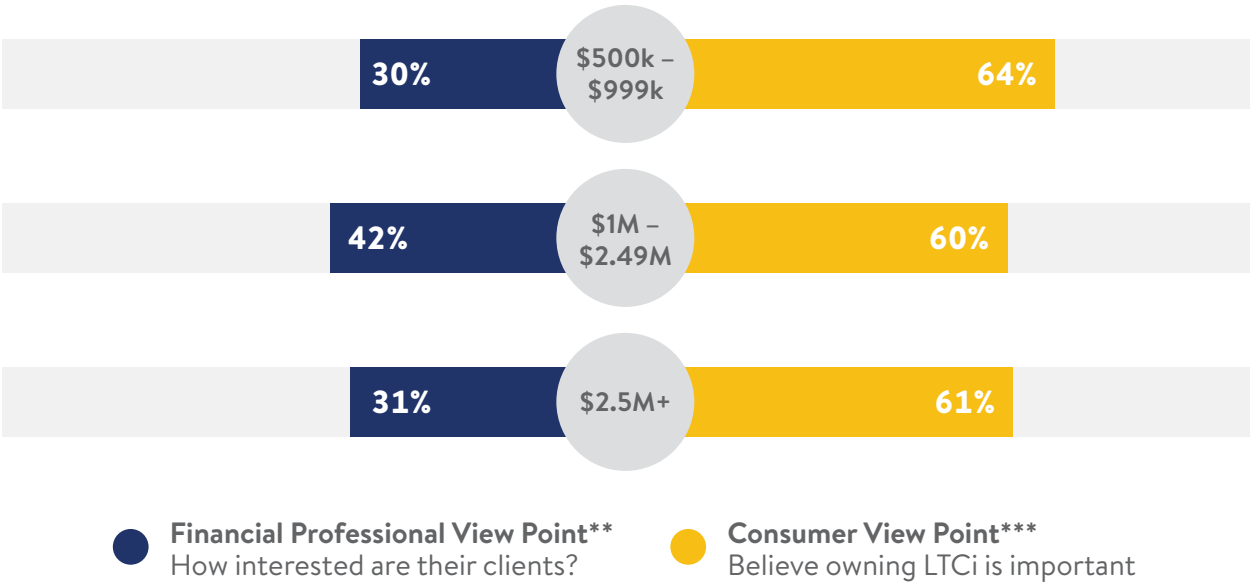
GENDER DEMOGRAPHIC

Key findings: MALE clients are also interested



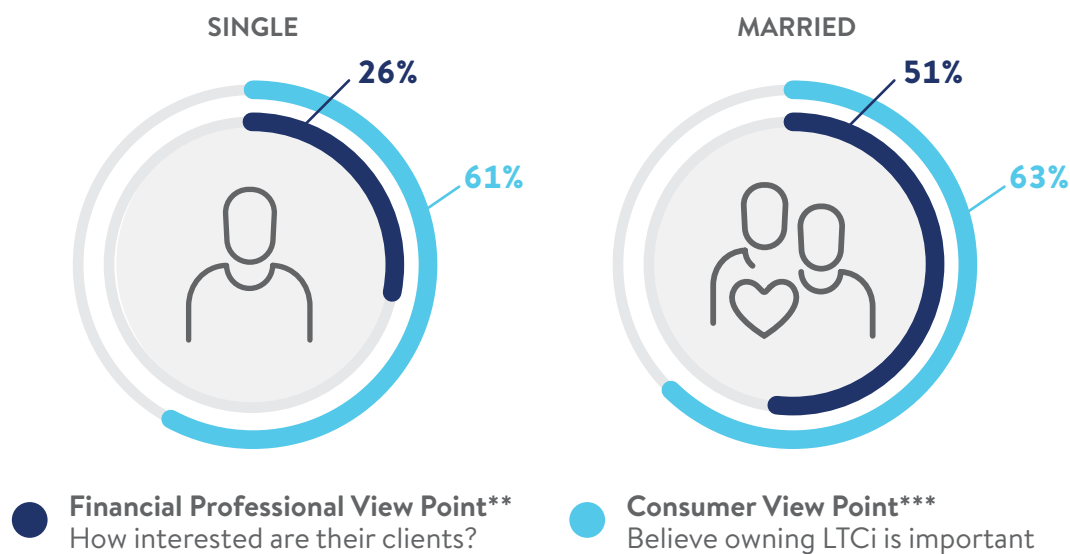
NET WORTH DEMOGRAPHIC

Key findings: Across ALL NET WORTH LEVELS, majority of consumers are interested



MARITAL DEMOGRAPHIC

Key findings: **SINGLE** clients want to plan for LTC



Financial professionals are vital to the solution

Many Americans are worried about the risk that long term care expenses can pose to their families and the retirement plans that have been established. But the reality is that very few have taken action to protect against the risk.

“The thought of being sick and having it all go to my illness and leave nothing to my three children and my grandchildren, I didn’t like that. So it was just really all my idea. I went to my financial planner and said, “*What do you think?*”

– Respondent

III. The need for the LTC discussion with your clients

“...seeing a sibling and daughter and son-in-law just taking care of my brother was even harder for me to digest. I can’t see that happening to me. I can’t put that burden on my kids. No way.”
– Respondent

Comprehensive retirement planning

Planning for the retirement stage can be an overwhelming task and many consumers have concerns as they approach their retirement. One key worry among those surveyed is that they are not confident that they will be able to pay for adequate long term care.

MassMutual provides programs and support to help you have the conversation

STEP 1



Learn about the need for extended care protection and the marketplace. We have commissioned comprehensive studies that are introduced in this brochure. We offer supporting materials that offers invaluable insights into consumer attitudes and expectations about extended care protection.

STEP 2



We offer a long term care workshop where you, the financial professional will experience, firsthand, what we mean by the MassMutual Advantage. We will familiarize you with MassMutual, as well as show you how to have an effective conversation with your clients.

STEP 3



This step will put everything into action. We offer the MassMutual Care Day will guide you as the financial professional as you think about your clients who may benefit from long term care protection. Invite these clients for individual Care Day meetings to begin the conversation.



Learn how to have the discussion about long term care planning with your clients. Be sure to view our guide **"Long Term Care. How to have the discussion with your client."**

Notes:

Notes:

MassMutual...

Helping you secure what matters most.

Since 1851, MassMutual has been building a reputation for financial strength and integrity. At MassMutual, we operate for the benefit of our customers. Our business decisions are based on a single guiding principle: to help people secure their future and protect the ones they love.

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¹ Social Security Administration website, Benefits Planner | Life Expectancy. January 2021. Retirement Information for Medicare Beneficiaries, January 2021. <https://www.ssa.gov/pubs/EN-05-10529.pdf>

² U.S. Census Bureau, Current Population Survey, March and Annual Social and Economic Supplements. 2018.

³ AARP, Valuing the Invaluable: 2019 Update. <https://www.aarp.org/content/dam/aarp/ppi/2019/11/valuing-the-invaluable-2019-update-charting-a-path-forward.doi.10.26419-2Fppi.00082.001.pdf>

⁴ U.S. Department of Health and Human Services. Aging. Published September 12, 2018. www.hhs.gov/aging/index.html

⁵ Source: The State of Long-Term Care Insurance: The Market, Challenges and Future Innovation — National Association of Insurance Commissioners and the Center for Insurance Policy and Research, May 2016. https://www.naic.org/documents/cipr_current_study_160519_ltc_insurance.pdf

⁶ Cost of Care Survey, Genworth, 2020.

Insurance products issued by Massachusetts Mutual Life Insurance Company, 1295 State Street, Springfield, MA 01111-0001.

