The challenges of caregiving
“Fortunately my parents had saved up enough money that I’m able to pay Mom’s monthly assisted living costs.”

—Caregiver, Son

*Information is based on a comparison between Genworth’s 2010 Beyond Dollars Survey and 2015 Beyond Dollars Survey.*
A long term care event often has impacts beyond the physical. Those impacts may not be immediately apparent but they can be as difficult to deal with as the physical ones.

One of those impacts is financial. Even if the person who needs care is being taken care of by a family member, there may still be out-of-pocket expenses that have to be paid for. And if the loved one needs more skilled care, those expenses can escalate. What happens when they exceed the recipient’s ability to pay?

Our research reveals that more than half of those who have been through a long term care event wish they had started planning earlier, and believe that planning financially for a long term care event could have saved them thousands of dollars. The findings also confirm the value of long term care insurance to those who have been through a long term care event.

In our 2015 Beyond Dollars survey, the caregivers responsible for providing care or financial assistance to their loved one reported that they had spent, on average, a total of $10,642 in out-of-pocket expenses. In our 2010 Beyond Dollars Survey, that figure was $7,285.
“I could have saved more money if I knew that something like this would happen to me.”

—Care Recipient
Financial impact on the care recipient

Long term care can be expensive. In the absence of other resources, the financial impact on the person who needs care can be dramatic.

With the average age of care recipients declining, and the reason for recipients needing care increasingly likely to be because of an accident, based on 2015 Beyond Dollars survey respondents, it’s not surprising that 74% reported losing, on average, over half of their income.

More than half of care recipients used their savings or retirement funds to pay for care, a third took out loans or borrowed from their family and friends, and others took out a reverse mortgage. Almost two thirds of care recipients paid for care using cash on hand and 42% paid with a credit card.

The choices made in paying for care may help to account for the fact that nearly half of care recipients reported cutting back on personal expenditures and reducing their base quality of living.

55% of care recipients had to leave their jobs.
Putting retirement at risk

When a loved one’s resources are insufficient or exhausted, family often step in to help, and adult children frequently find themselves in that position. Of course, they almost certainly have financial demands of their own. They may be raising children, supporting grown ones, or saving for their own retirement.

In fact, many adult children may be robbing Peter to pay Paul. Although some are cutting back personal expenses and reducing their standard of living to help pay for their parent’s or loved one’s long term care, others are jeopardizing their own financial futures by dipping into their savings and retirement accounts or reducing their contributions to those accounts.

Caregivers often provide out-of-pocket financial assistance

Using savings/retirement funds: 62%
Reduced standard of living: 45%
Reduced contributions to savings and retirement: 38%
“The cost of his care has taken money away from my children”

—Caregiver, Son
The benefit of hindsight

Our research reveals that nearly 60% of respondents who have been through a long term care event wish they had started planning earlier, and they believe that planning financially for a long term care event could have saved them thousands of dollars.

The survey showed that caregivers had an average of more than $10,000 in total out-of-pocket expenses. They felt that planning would have saved them approximately $8,000 of those out-of-pocket expenses.

$8,000 of the $10,000 out-of-pocket expenses may have been saved by better and earlier planning

“I would have sold their house and prepared for transition to long term care earlier”

—Caregiver, Stepson
Perish the thought. But plan to deal with it.

No one wants to think about needing – or paying for – long term care. But once you’ve planned for the possibility, a lot of the tension may dissipate. Planning can address the “what ifs” and increase the likelihood of knowing what to do if the possibility becomes a reality.

Generally, a plan can include four ways to pay for long term care services. Clients can pay for them on their own (self-fund), rely on family and friends for help, sign up for Medicare/Medicaid, or use long term care insurance. Keep in mind that it may be best to combine more than one of these solutions to cover long term care costs.

Our survey respondents felt that long term care insurance was one solution that helped with the financial side of the problem. It can be configured in a variety of ways and a majority in our survey said that they either preferred some coverage with the expectation to pay some out-of-pocket expenses while others wanted coverage for the worst case scenario.

- In our survey 47% of caregivers whose recipients who had long term care insurance felt much better prepared to deal with the situation
- 63% of survey participants whose recipient did not have long term care insurance felt that having it would have helped relieve the financial impact of long term care and provided emotional and physical benefits to the family
“Have a plan in place. This will have the biggest effect on a smoother transition.”

—Caregiver, Son
Benefits beyond dollars

Anticipated or completely unexpected, a loved one’s need for long term care can still come as something of a shock to those who care about them. It’s a good idea to have conversations about the possibility of needing long term care and how it would be paid. Having planned ahead to meet the financial challenges of a care event may allow the family to focus on their care, not the budget implications.

“Plan in advance, we’re all going to get old, it should not come as a big surprise!”

—Caregiver, Spouse/Partner
All source material from
Genworth, The Expanding Circle of Care: Beyond Dollars Study, 7/2015

<table>
<thead>
<tr>
<th>Insurance and annuity products:</th>
<th>Are not deposits.</th>
<th>Are not guaranteed by a bank or its affiliates.</th>
</tr>
</thead>
<tbody>
<tr>
<td>May decrease in value.</td>
<td>Are not insured by the FDIC or any other federal government agency.</td>
<td></td>
</tr>
</tbody>
</table>