

Long Term Care Study

Among U.S. Women Age 50 or Older

March 13, 2017

Presented by Harris Poll

NFM-16308AO

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Target Group and Method

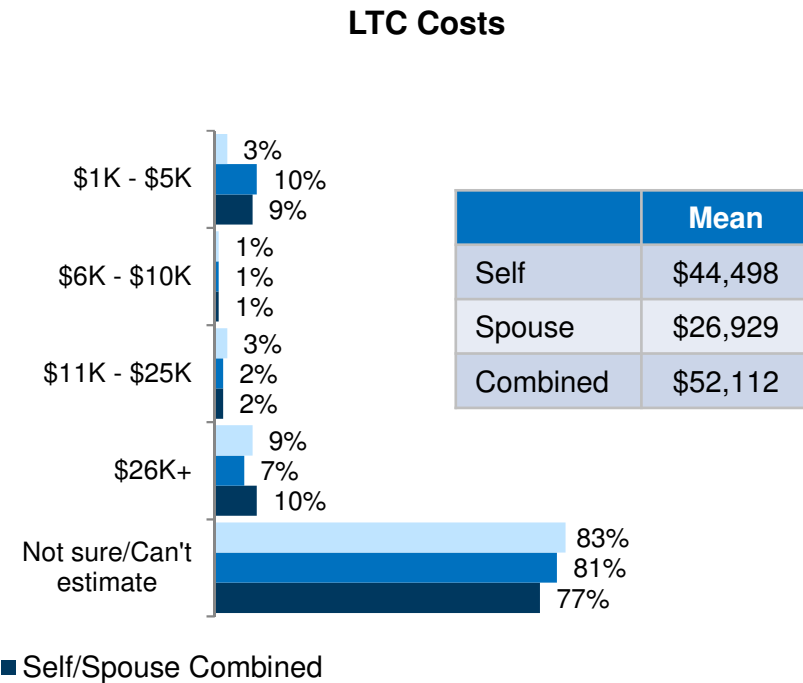
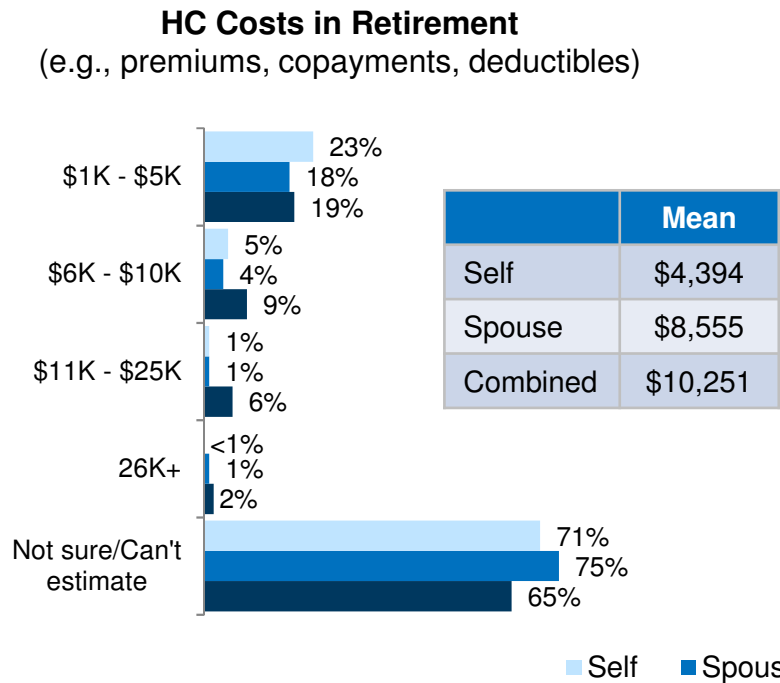
- On behalf of Nationwide, Harris Poll conducted this survey online from September 14-22, 2016 to a targeted subset of the U.S. population:
 - 1,316 U.S. adults aged 50 or older, including 676 women
- Research participants were drawn from the Harris Poll Online (HPOL) research panel and appropriately incentivized.
- Results are weighted to the U.S. General Online Population of adults by age by gender, race/ethnicity, education, region, household income, marital status, and propensity to be online.
- Because the sample is based on those who were invited to participate in the HPOL panel (and not random), we cannot calculate estimates of theoretical sampling error.

Report Notes

- Significant differences between subgroups and waves at 95% confidence level are noted where appropriate throughout the report, *in text* and/or with upward/downward arrows (↑/↓).
- Subgroup sample sizes:
 - Affluent or HHI \$150K+ (n=374), Not affluent or HHI <\$150K (n=302)
 - Retired (n=280); Not retired (n=396)
 - Has financial plan for retirement (n=433), No financial plan (n=182)
 - Owns LTC insurance (n=116), No LTC insurance (n=560)
 - Age 50-54 (n=122), Age 55-59 (n=146), Age 60-64 (n=159), Age 65+ (n=249)

Women age 50+ are unsure of annual health care or LTC costs in retirement

- Most women age 50+ can't estimate health care costs in retirement (65%) or LTC costs (77%) for themselves and their partner (combined).
- However, among those who provide an estimate, annual costs for health care in retirement are expected to be approximately \$10,251 for themselves and their spouse combined; considerably higher for LTC at \$52,112.



Those with HHI of \$150K+ report higher mean estimates than those with HHI of less than \$150K for themselves:

- HHI \$150K+ (**\$8,822**)
- HHI <\$150K (\$3,525)

No significant difference between those with HHI of \$150K+ and those with less than \$150K for long term care costs.

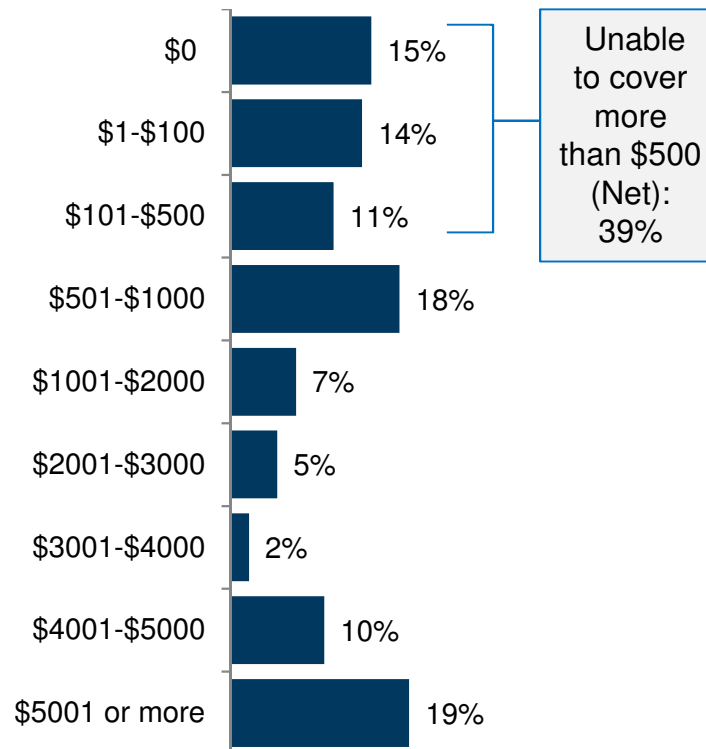
Green = significantly higher at the 95% confidence level

Over \$500 in unplanned expenses too much to cover, for some

- About two in five women age 50+ (39%) would be unable to cover more than \$500 today, including 15% who are unable to cover *any* amount.
- On average, these women would be able to cover up to \$2,798 in unplanned expenses today.

Highest Amount in Unplanned Expenses Able to Cover Today

Mean = \$2,798



- Those with HHI <\$150K are more likely than their counterparts to only be able to cover \$1-\$500 (**27%** vs. 7%). Further, this group is twice as likely as affluents to not be able to cover any amount today (**16%** vs. 7%).
- Those without a financial plan are **7x** as likely as those with a plan to not be able to cover any amount (**28%** vs. 4%).

- On average, affluent retirees are able to cover **\$4,713** vs. \$2,808 that non-affluents are able to cover.

Green = significantly higher at the 95% confidence level

Base: Qualified women respondents (n=676)

NEW Q1435 What is the highest amount in unplanned expenses that you would be able to cover today?

Less than half feel secure in their retirement plans

- Less than half of women age 50+, say they are “very confident/confident” in their plan for managing expenses and lifestyle choices during retirement (44%), while about a third are as confident living comfortably in retirement years (37%), and knowing how much they can spend in retirement without running out later in life (37%).
- Fewer are as confident in their plan for paying for health care costs beyond what Medicare covers (27%) and paying for long term care expenses (20%).

	Very Confident/Confident	<u>Retired</u>	<u>Not Retired</u>	<u>HHI <\$150K</u>	<u>HHI \$150K+</u>
Managing expenses and lifestyle choices during retirement	44%	52%	36%	41%	63%
Knowing how much I can spend in retirement without running out later in life	37%	43%	30%	35%	52%
Living comfortably in retirement years	37%	41%	32%	34%	56%
Paying for health care costs beyond what Medicare covers	27%	30%	24%	24%	47%
Paying for long term care expenses	20%	21%	19%	18%	35%

Green = significantly higher at the 95% confidence level

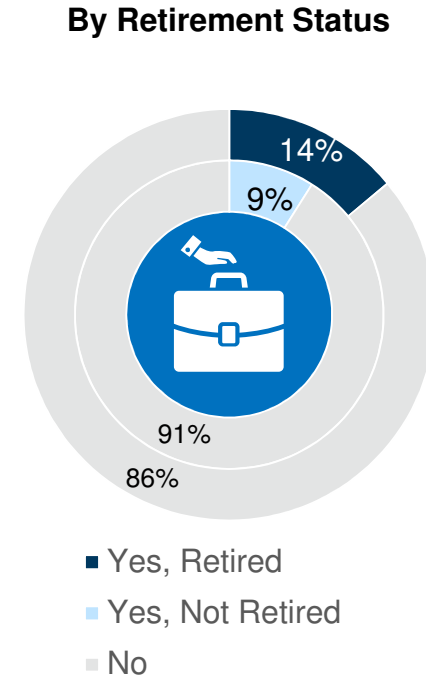
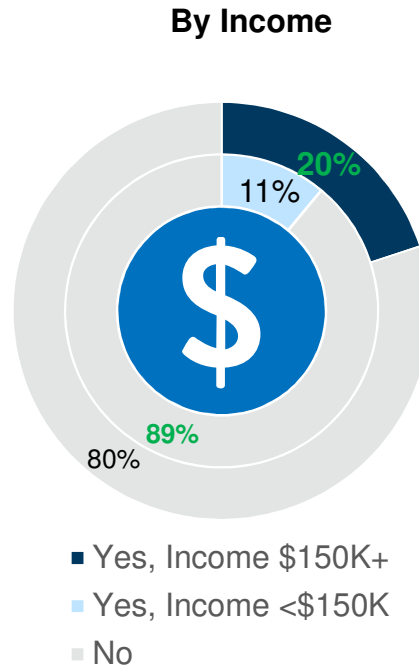
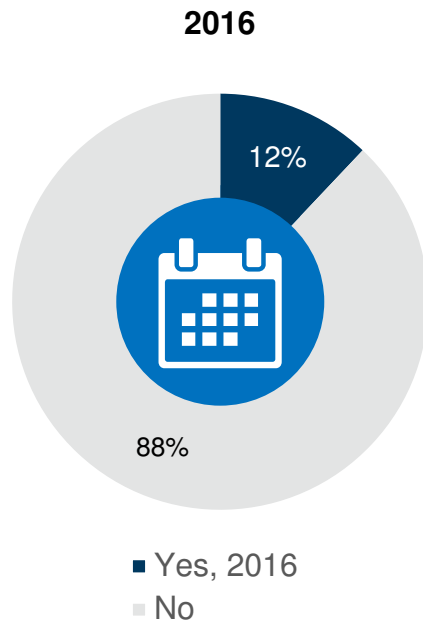
Base: Qualified women respondents (n=676)

Q1200 How confident are you in your plan for each of the following?

Few women age 50+ currently have LTC insurance

- Only 12% of women consumers report currently owning LTC insurance for themselves or someone else.
- These women with HHI \$150K+ are nearly twice as likely as those with lower income to say they currently have LTC insurance (20% vs. 11%).

Own LTC Insurance



Green = significantly higher at the 95% confidence level

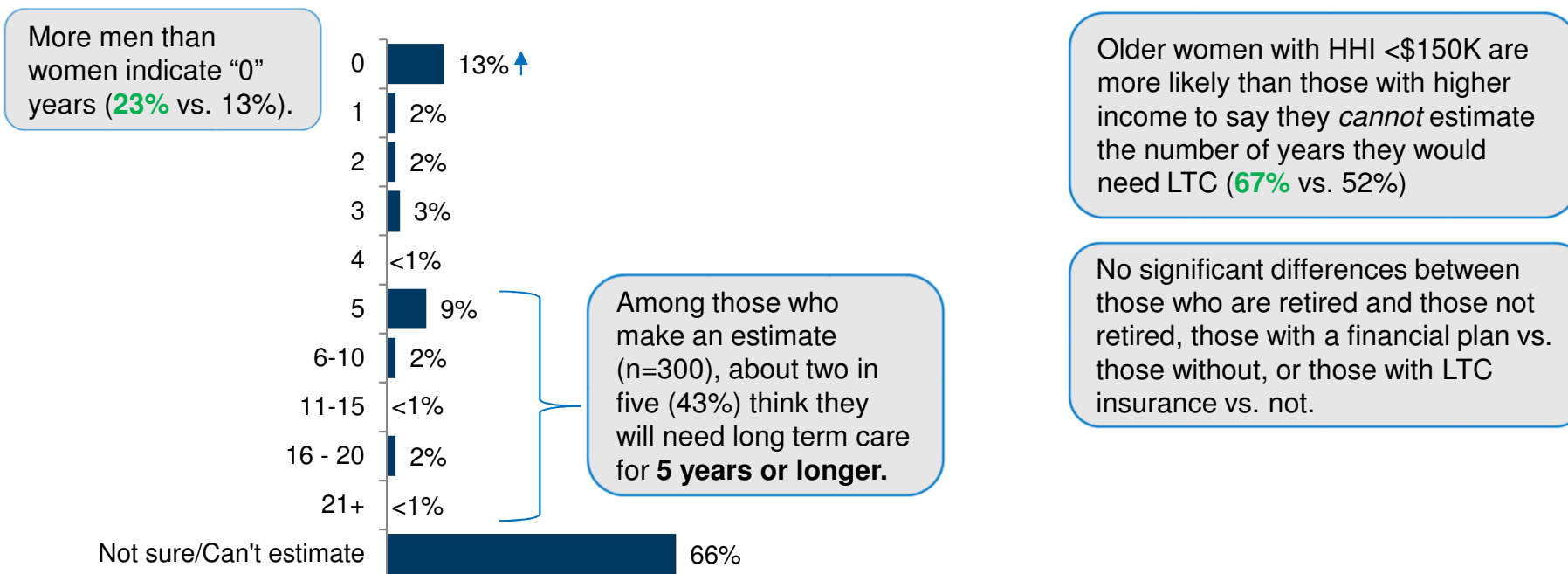
Base: Qualified women respondents (n=676)

Q800 Do you currently own Long Term Care insurance for yourself or someone else?

Two thirds are unable to estimate number of years needed in LTC

- While 66% are unsure of the length of time they would need LTC, women age 50+ estimate they would need LTC for 4 years, on average.
- Just 13% believe they would need LTC for less than a year or not at all – up from 5% in 2015.

Number of Years Long-Term Care Costs Needed
Mean: 4.2 years



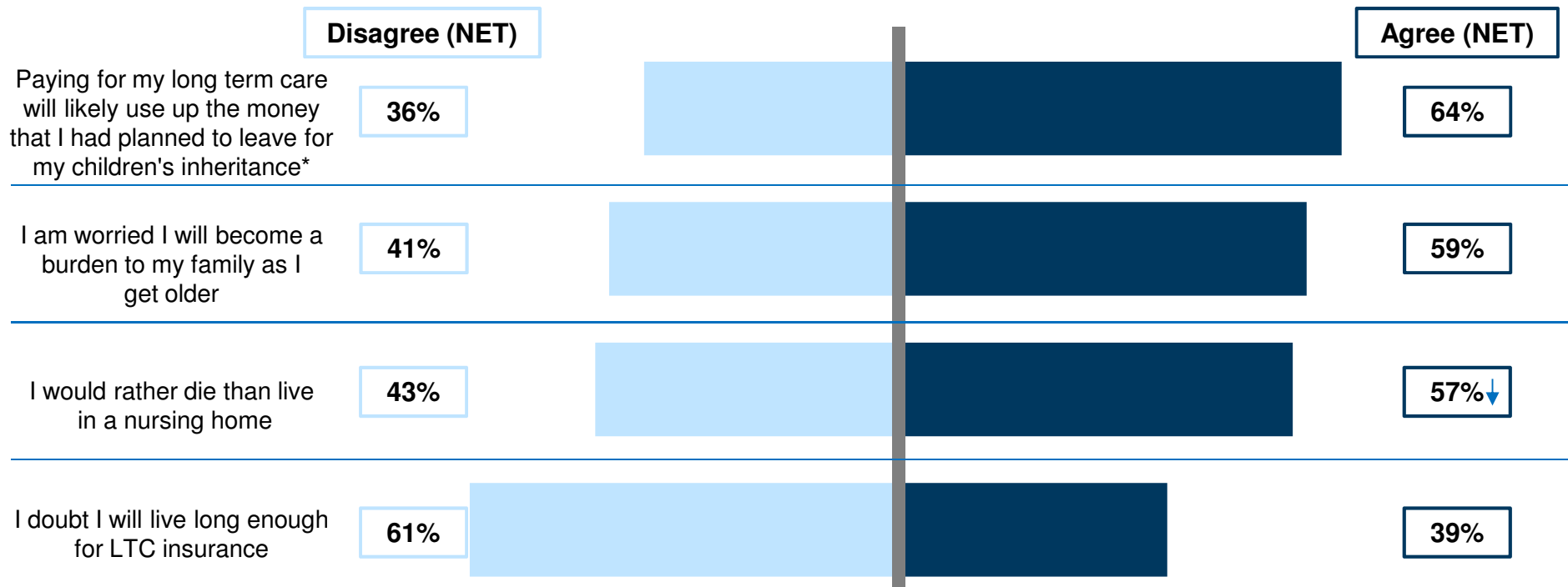
Green = significantly higher at the 95% confidence level ↑/↓ direction of significant change from 2015

Base: Qualified women respondents (n=676)

Q1261 For how many years do you think you would need long term care? If you think you'd need long term care for less than one year, please enter 0.

Majority would rather die than live in a nursing home

- Three in five women age 50+ are worried they will become a burden to their family as they get older (59%), while three in five (57% - down from 67% in 2015) say they would rather die than live in a nursing home.
- Three in five with children (64%) say paying for their LTC will likely use up the money they planned to leave for their children's inheritance. Still, many (39%) doubt they will live long enough for LTC insurance.



- Older women with HHI <\$150K are more likely than those with HHI \$150K+ to say they are concerned that paying for LTC will use up inheritance money (65% vs. 52%), worry about becoming a burden to family (61% vs. 48%), and doubt they will live long enough for LTC insurance (41% vs. 24%).
- No significant differences among retirees vs. non-retirees.

Green = significantly higher at the 95% confidence level ↑/↓ direction of significant change from 2015

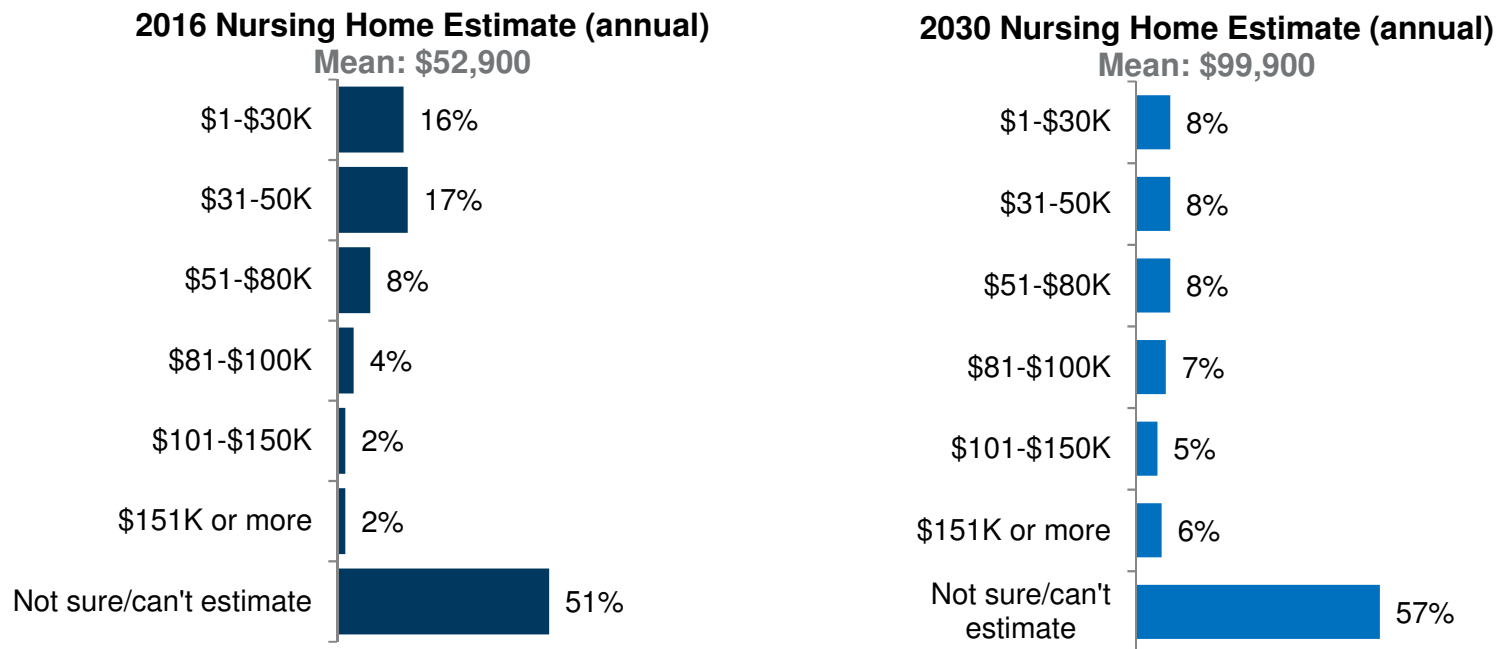
*Base: Have children n=572

Base: Qualified women respondents (n=676)

Q740 How much do you agree or disagree with the following statements?

Women age 50+ estimate nursing home care will increase substantially over the next 15 years

- Though half (51%) are unable to estimate current nursing home costs, on average, women age 50+ believe these costs to be about \$52.9K per year.
- Looking ahead to 2030, almost three in five (57%) are unable to provide a cost estimate for nursing home care, but for those who are, their estimate is about ninety percent greater for 2030 compared to 2016.



- Those with HHI <\$150K are more likely than those with higher income to say they are not sure/can't estimate current costs (53% vs. 36%) or future costs (59% vs. 42%).
- No significant differences among retirement status.

Base: Qualified women respondents (n=676)

Q745 How much do you think, on average, it currently costs to have nursing home care for one year?

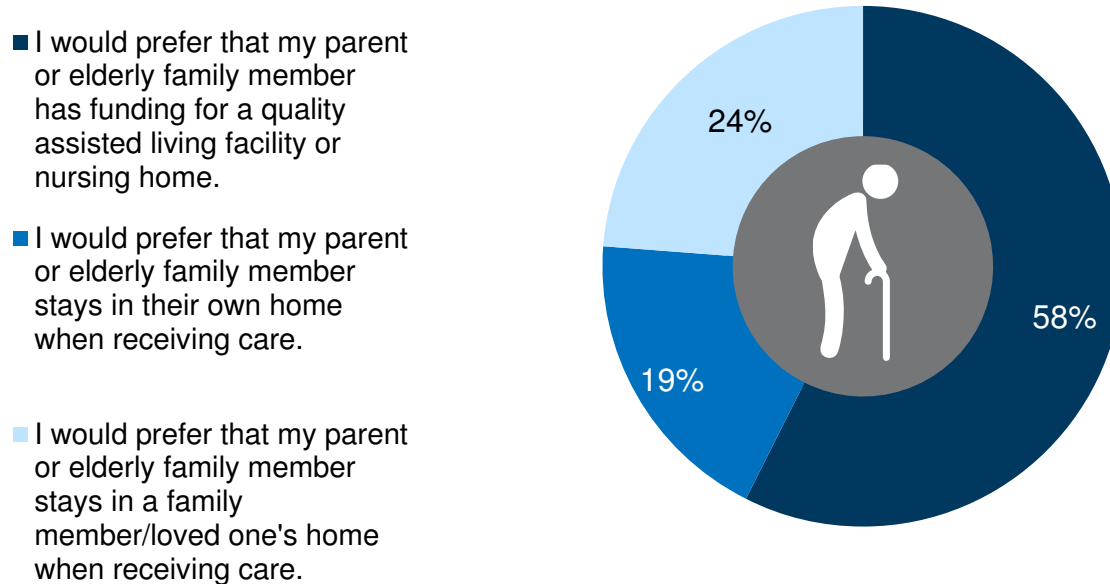
Base: Qualified women respondents (n=676)

Q750 Thinking ahead to the year 2030, how much do you think it will cost, on average, to have nursing home care for one year?

Majority prefer elderly care in assisted living or nursing home

- Nearly three in five women age 50+ (58%) would prefer that their parent or elderly family member has funding for a quality assisted living facility or nursing home.
- About one in five (19%) would prefer their parent or elderly family member stay in their own home when receiving care.

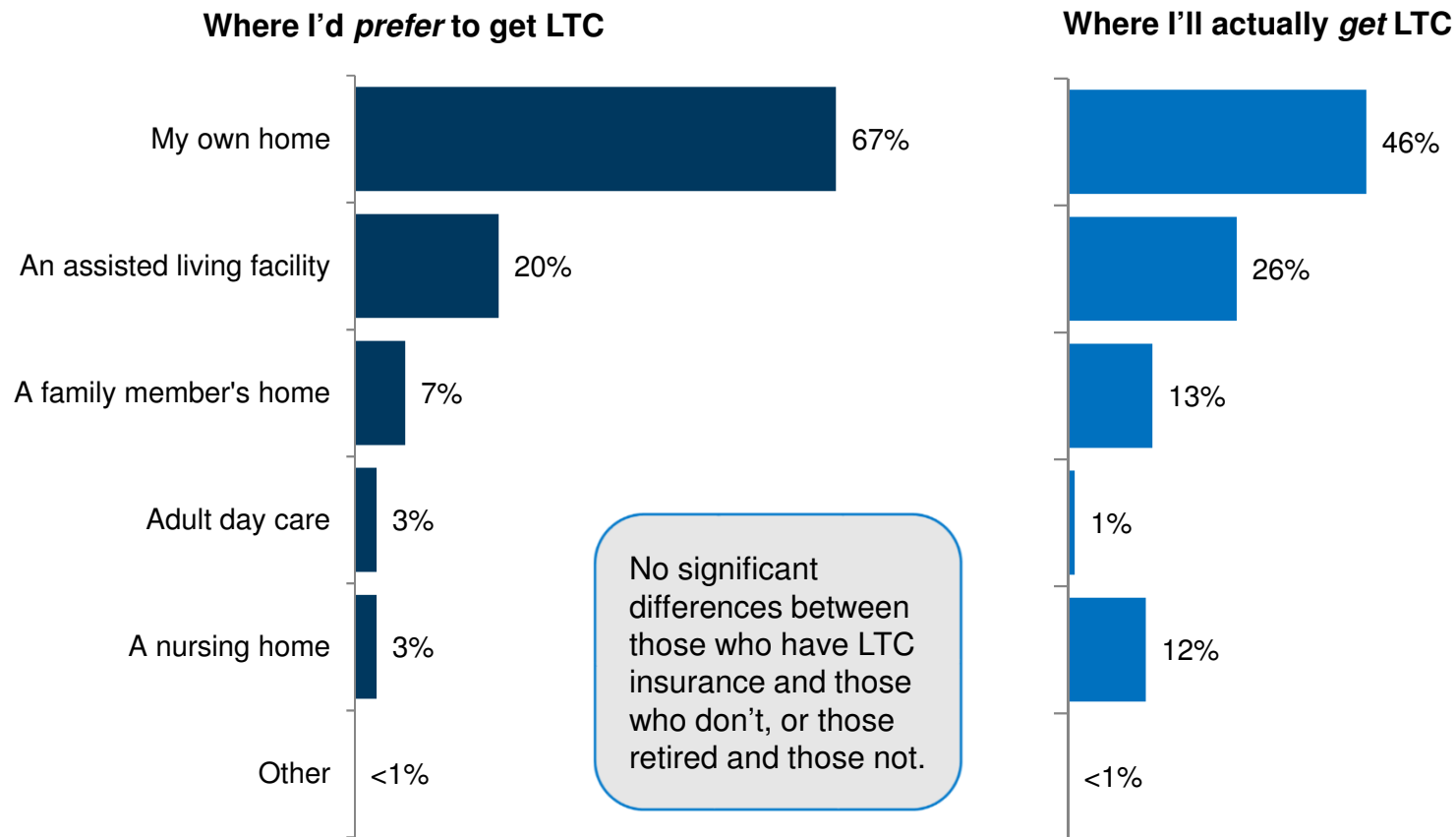
POV on Elderly Care



*Caution: small sample size (less than 100)

Most prefer LTC in their own home, but less than half believe it would happen

- Two in three women age 50+ (67%) would prefer to receive LTC in their own home if they needed it.
- However, fewer (46%) believe they'll actually receive LTC in their home if they need it.



Green = significantly higher at the 95% confidence level

Base: Qualified women respondents (n=676)

Q1255 If you needed it, where would you most prefer to receive long term care?

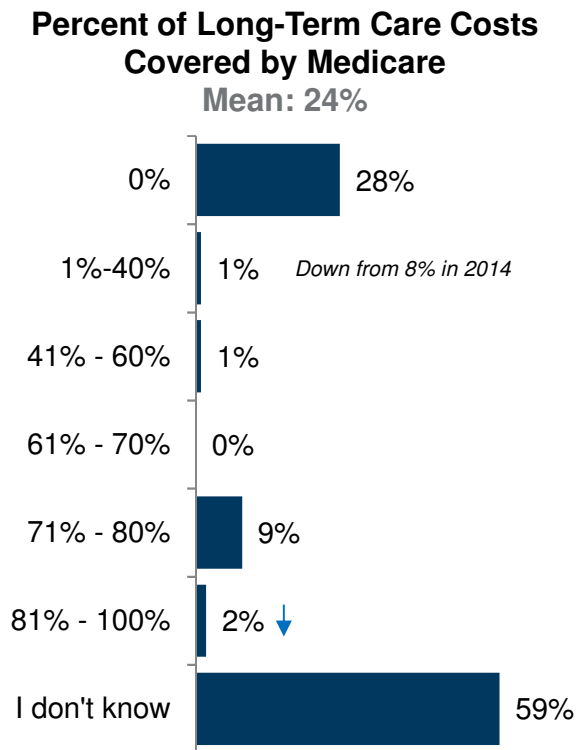
Base: Qualified women respondents (n=676)

Q1260 Where do you think you will most likely receive long term care, if you need it?

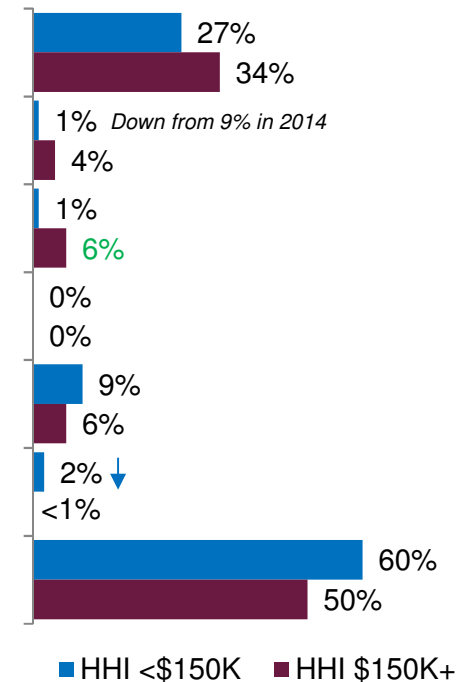
Majority are uncertain of LTC coverage by Medicare

- On average, women age 50+ report that about a quarter (24%) of long-term care is covered by Medicare.
- However, nearly three in five (59%) say they don't know what percentage of LTC is covered by Medicare.

Of the 53% who are currently enrolled in Medicare...



By Household Income



Green = significantly higher at the 95% confidence level

↑/↓ direction of significant change from 2015

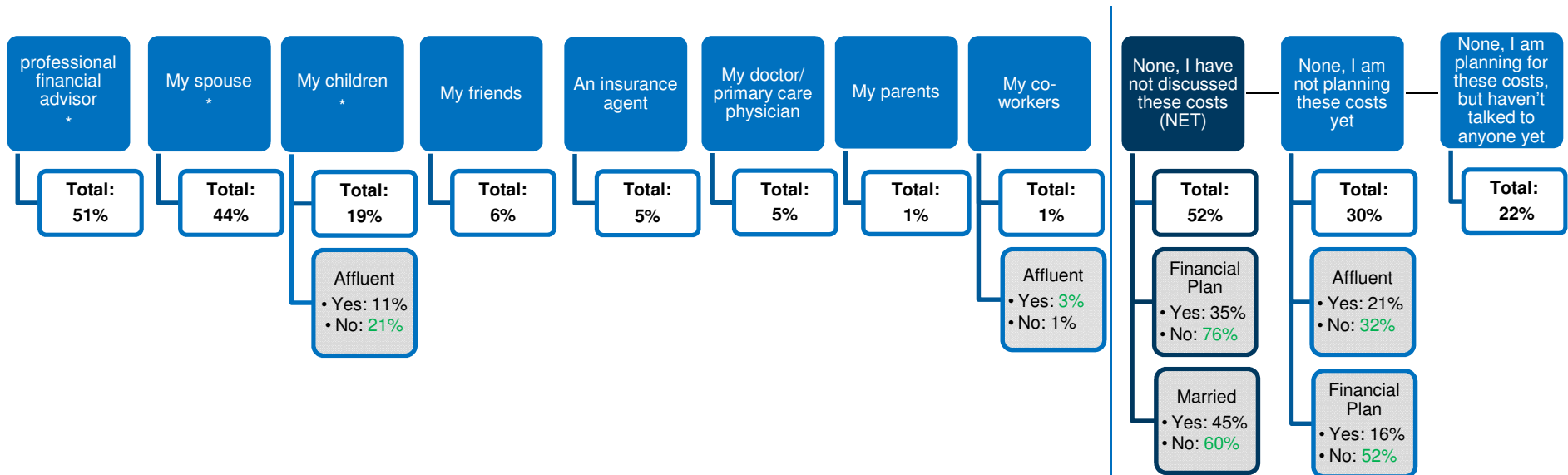
Base: Enrolled in Medicare (n=295)

Q1117 What percentage of your long term care costs is covered by Medicare? Please give your best estimate for yourself only.

Slight majority have not discussed *LTC costs* with anyone

- Over half of women age 50+ (52%) have not discussed long-term care costs with anyone, particularly those without a financial plan (76%), not married (60%).

Discussed long term care costs with...



*Among those with the relationship

Green = significantly higher at the 95% confidence level

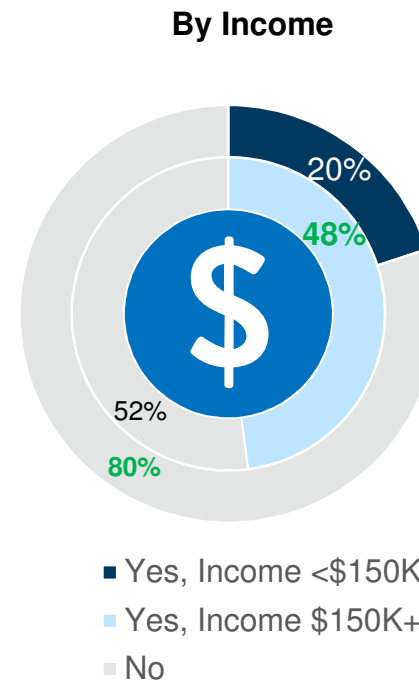
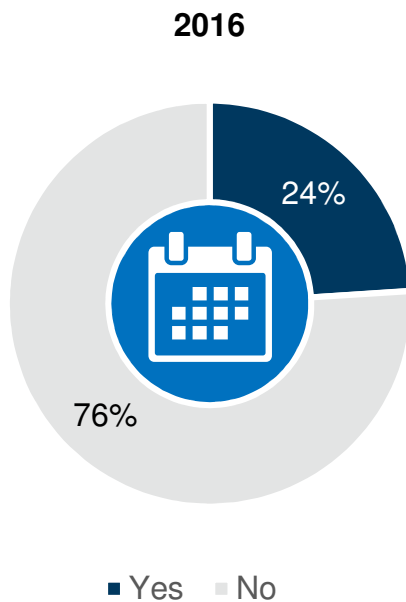
Base: Qualified respondents (Total n=676, Has Children n=535, Married n=443, Has Financial Advisor n=241)

Q900/901_3 Have you discussed your retirement costs, health care costs during retirement or long term care costs with any of the following people?

Please select all that apply for each item displayed.

Most do not utilize a financial advisor for retirement planning

- Three-quarters of women age 50+ (76%) report that they are not currently working with a professional financial advisor to help plan for their retirement.
- This is true especially for those with HHI <\$150K compared to those with HHI \$150K+ (20% vs. 48%).



Green = significantly higher at the 95% confidence level

Base: All qualified women respondents (n=676)

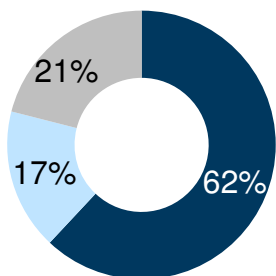
Q625 Do you currently work with a professional financial advisor to help plan for your retirement?

Majority recognizes importance of discussions with an advisor

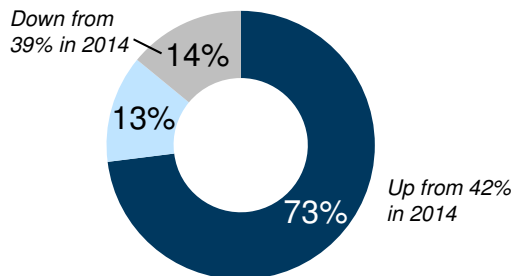
- About three-quarters of women age 50+ who have discussed retirement with a professional financial advisor or consultant believe it is very important/important that their advisor discuss health care costs (77%) and LTC costs (79% - up from 52% in 2014) with them.
- Still, the majority have a *plan to discuss* health care costs (62%) and LTC costs (73%) with an advisor – the latter up from 42% in 2014.

Plan To Discuss With a Financial Advisor:

Health Care Costs



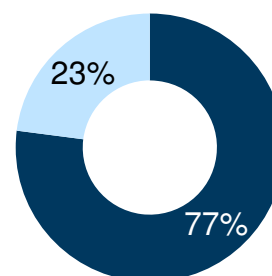
Long Term Care Costs



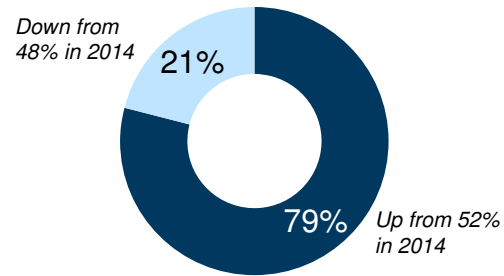
■ Yes ■ No ■ Don't know

Importance of Discussing:

Health Care Costs



Long Term Care costs



■ Very important/important
■ Somewhat/not at all important

Green = significant difference at the 95% confidence level

Base: Discussed retirement with a financial advisor or consultant (n=170 women)

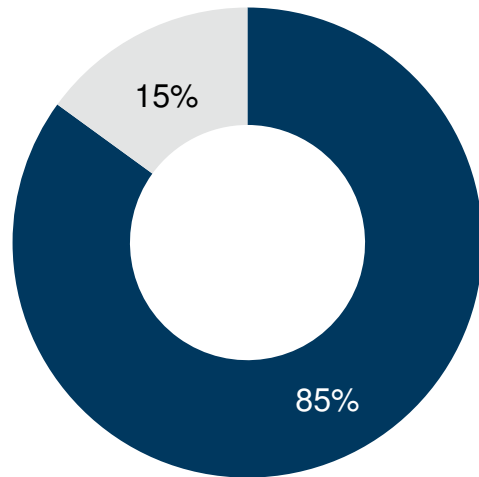
Q1225 Do you have a plan to discuss any of the following costs, beyond those covered by the government in retirement, with a professional financial advisor or consultant?

Q1230 How important is it that your professional financial advisor or consultant discusses the following costs, beyond those covered by the government in retirement, with you?

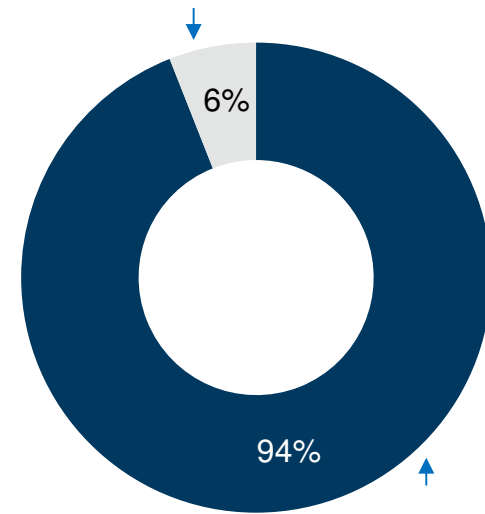
Most feel their financial advisor is well prepared to discuss health care and LTC costs

- The majority of women age 50+ who have discussed retirement with a financial advisor feel the advisor is well equipped to discuss retirement health care costs (85%) and/or LTC costs (94% - up from 75% in 2015).

Health Care Costs During Retirement



Long Term Care Costs



■ Yes
■ No

No significant differences between subgroups.

Green = significantly higher at the 95% confidence level

↑/↓ direction of significant change from 2015

Base: Discussed retirement with a financial advisor or consultant (n=170 women)

Q1235 Do you feel your professional financial advisor or consultant is well equipped to discuss the following costs with you?

Summary Slide By Gender (2016)

	Men age 50+	Women age 50+		Men age 50+	Women age 50+		Men age 50+	Women age 50+
Do you currently work with a professional financial advisor to help plan for your retirement?	n= 640 34%	n= 676 24%	How much do you agree or disagree? (<i>Agree</i>)	n= 640 42%	n= 676 59%	When planning for retirement, how concerned are you about each of the following? (<i>Concerned</i>)	n= 640 60%	n= 676 72%
Yes			I am worried I will become a burden to my family as I get older			Having enough money to last through retirement		
Approach to financial planning in retirement			One of my top fears in retirement is my health care costs going out of control	67%	79%	Having money to cover LTC expenses	65%	75%
Have a plan (formal/informal)	65%	55%				Outliving my spouse/partner	30%	60%
Do you believe the following statements to be true or false? (<i>Answered correctly</i>)			Age Expected to Live to			Not having money to cover unplanned medical expenses	66%	78%
You can enroll in Medicare at any time [FALSE]	65%	74%	Mean (years)	95.2	90.0			
How much would you estimate health care costs in retirement costs for things like premiums, copayments, deductibles, etc. for <i>yourself</i> ?			How confident are you in your plan for each of the following? (<i>Confident</i>)			Which of the following, if any, are you doing now to save for health care costs in retirement?		
Not sure/can't estimate	60%	71%	Managing expenses and lifestyle choices during retirement	58%	44%	Doing Anything (NET)	77%	60%
How much would you estimate health care costs in retirement costs for things like premiums, copayments, deductibles, etc. for <i>your spouse or partner</i> ?			Living comfortably in retirement years	49%	37%	Building my savings account	52%	33%
Not sure/can't estimate	64%	75%	Knowing how much I can spend in retirement without running out later in life	48%	37%	Investing (i.e., stocks, bonds, real estate ventures, etc.)	37%	20%
			Paying for health expenses beyond what Medicare covers	44%	27%	Increasing my 401(k) contributions	36%	19%
						Reducing credit care debt and loans	32%	19%
						I am not doing anything now to save for health care costs in retirement	23%	40%

Summary Slide By Gender (2016) - continued

Which of the following, if any, have you done in the past 12 months to avoid or minimize health care costs?

	Men age 50+	Women age 50+
n=	640	676
Doing Anything (NET)	60%	72%
Spent less on groceries	15%	23%
Delayed seeking emergency care	2%	7%
I have not done anything in the past 12 months to avoid or minimize health care costs	40%	28%

How do you pay/plan to pay for unexpected expenses that arise in retirement?

	Men age 50+	Women age 50+
401(K) withdrawals	30%	16%
Borrow from my family	1%	5%

What is the highest amount of unplanned expense that you would be able to cover today?

	Men age 50+	Women age 50+
Mean (dollars)	\$3575	\$2798

Have you discussed your retirement costs with any of the following people?

	Men age 50+	Women age 50+
My spouse	41%	30%
My children	13%	21%
Family	3%	10%

Have you discussed your health care costs during retirement with any of the following people?

	Men age 50+	Women age 50+
n=	640	676
My children	9%	19%
Other family member	2%	8%

Have you discussed your long term care costs with any of the following people?

	Men age 50+	Women age 50+
My children	8%	16%
Other family member	1%	6%

Beyond income, what sources do you use/plan to use pay for health care costs in retirement?

	Men age 50+	Women age 50+
Savings	53%	41%

Where do you think you will most likely receive long term care, if you need it?

	Men age 50+	Women age 50+
My own home	57%	46%
A family member's home	3%	13%

For how many years do you think you would need long term care?

	Men age 50+	Women age 50+
Mean (years)	2.6	4.2
Not sure/Can't estimate	48%	66%

Disclaimers

This information is general in nature and is not intended to be tax, legal, accounting or other professional advice.

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