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# Long-Term Care Insurance as a Retirement Income Security Product

Paul Yakoboski, Director, Research  
American Council of Life Insurers

Presented to an EBRI-ERF Policy Forum

*Will Today's Workers Retire With Adequate Income? And, How Are Today's Retirees Surviving from a Financial Perspective?*

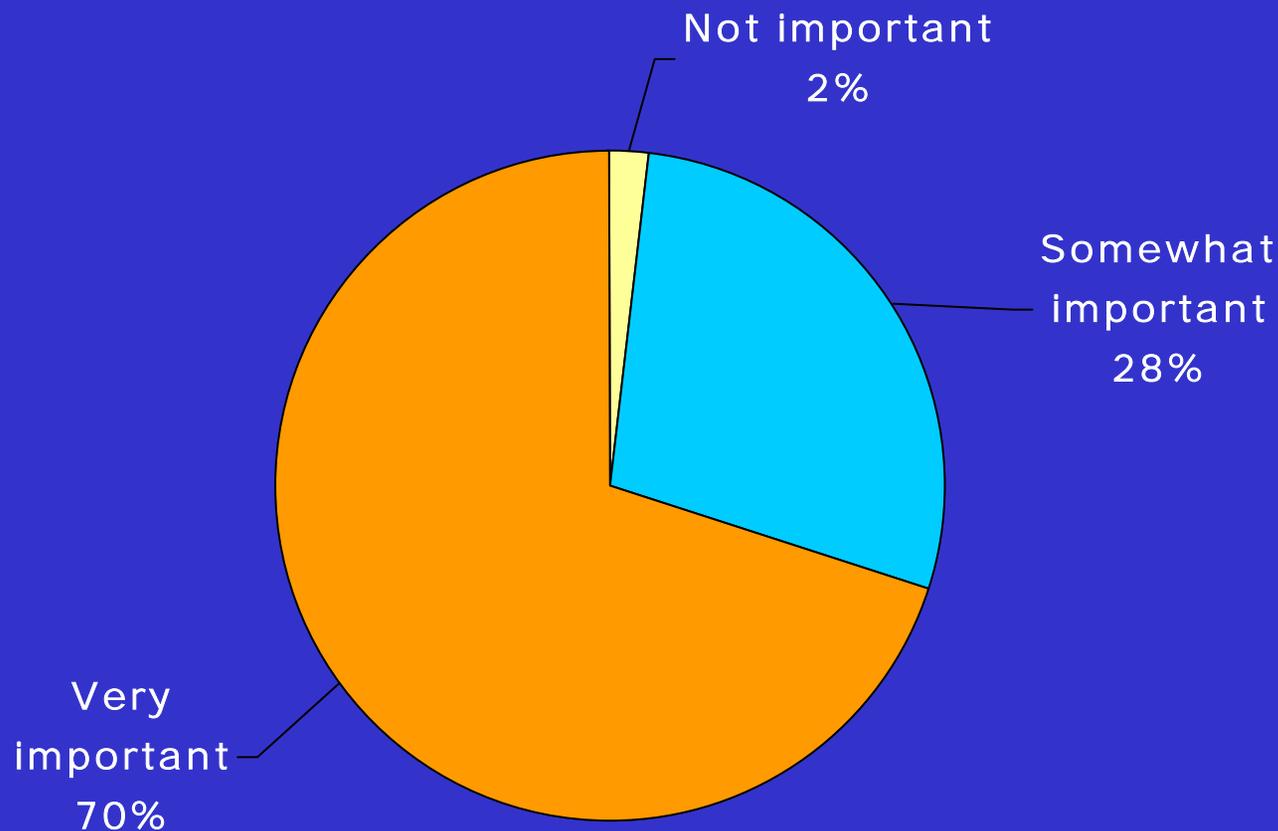
December 5, 2002

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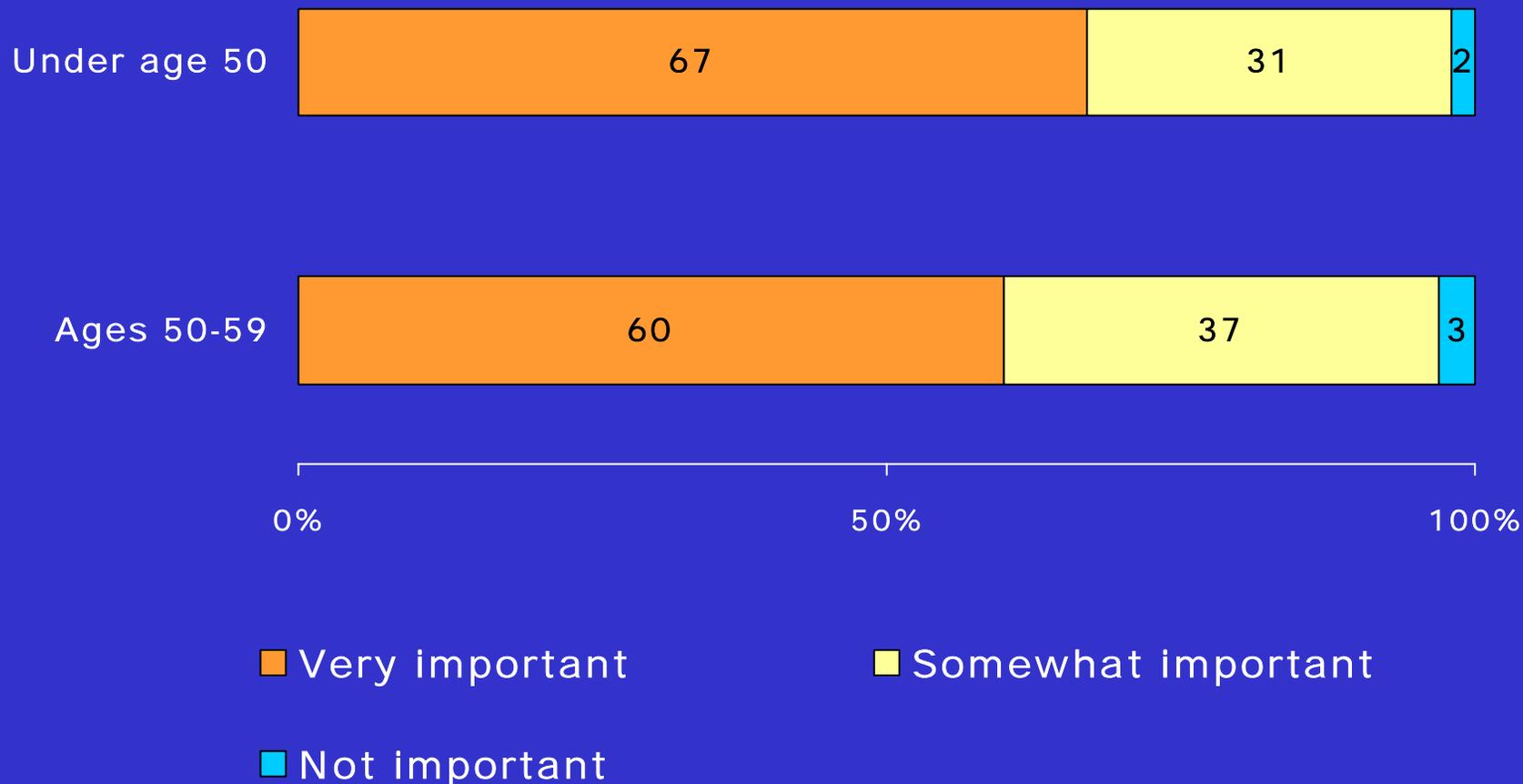
## *Why am I here?*

- Long-term care and long-term care insurance are retirement income security issues.
- Key findings from recent ACLI research
  - Among policy owners, long-term care insurance is an integral part of retirement planning.
  - Interest in private coverage is increasing, even among “younger” individuals.
  - Linking long-term care education to retirement planning may promote coverage.

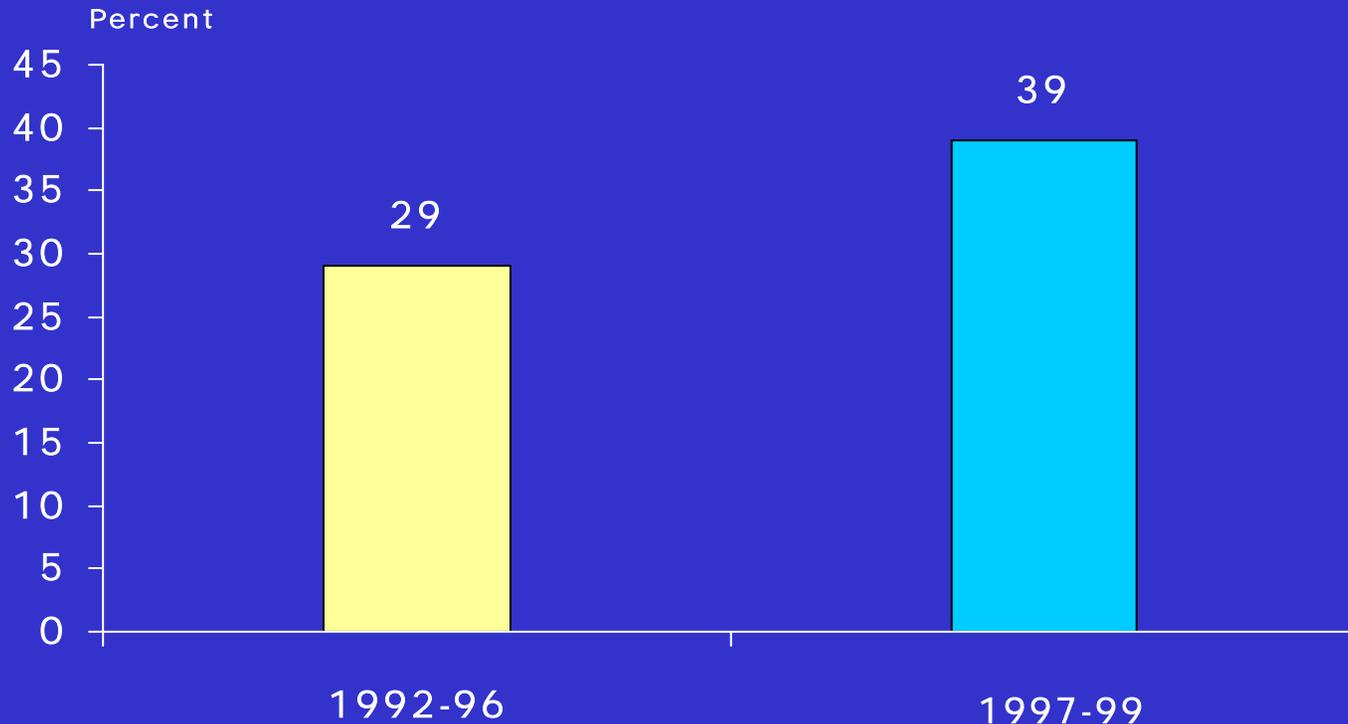
# *Individual policy owners' belief in the role of LTC in retirement planning*



# Importance of LTC in retirement planning among group enrollees



## *Individual policy owners under age 65, by date of LTC insurance purchase*



# Importance of LTC planning among owners with different financial resources



## *Consideration given to paying for LTC among potential enrollees*



- Have given great deal of thought to paying for LTC
- Have given little or no thought to paying for LTC

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## *Realities of long-term care*

- One-half of women and 1/3 of men will require a nursing home stay at some point in their lives.
- Estimated average annual cost of a nursing home stay was \$55,000 in 2000.
- Home care is about 1/3 this amount.
- The average monthly base price for assisted living facilities in 2001 was \$2,159.

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## *Realities of long-term care*

- By 2050,
  - 20% of population will be age 65-plus.
  - LTC expenditures at \$400 billion (real).
- Who currently pays:

Medicare/Medicaid	59%
Out-of-pocket	23%
Private LTC insurance	11%
Other	7%

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## *Is private LTC insurance up to the task?*

- 3.4 million policies in force.

Individual policies:	2.5 million
Group policies:	900,000 group
- 600,000 policies issued in 2000.

Individual policies:	500,000
Group policies:	100,00
- Among current elderly, fewer than 10% have purchased private LTC insurance.

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