

Prepare Clients For LTC From The Very Start

By Linda Koco

Not every client will want, need, or be able to afford long term care insurance, said Karen Henderson, EPC, here at a focus session Monday at the MDRT annual meeting.

But every client “needs to have the care planning conversation—with their advisor and with their family,” said the founder of Toronto-based Caregiver Network/How to Care. Advisors who understand and facilitate these care conversations from the start will give clients peace of mind, and they will also prosper, Henderson said.

She recounted the many challenges facing advisors and aging boomer clients in today’s market, related to aging, and then laid out many solutions to consider using.

For instance, “buy the products you plan to sell,” Henderson suggested, explaining that “before you can walk in your clients’ shoes, you need to put them on.” This will help advisors learn how to complete the application fully and correctly, experience the underwriting process, and create an insurance policy the advisor can then show to client, demonstrating the advisor’s belief in the product.

“Be ready and able to explain to clients how your insurance fits into your LTC plan and how this care plan then fits into your own retirement plan,” she added.

Another strategy: lead by example. If an advisor has aging parents or relatives, talk to them about their situation, she suggested. “Ask them questions you will be asking clients, so you become comfortable with the process and see how this interaction can become the foundation of a care plan.”

Also “research the health care system where you live,” she said, noting that too many people wait until a crisis before learning how the system works. “Then it can be too late.” Find out now what is and is not covered by the public system, the difference between acute and long-term care, and what seniors face as they age and move into the continuum of care, she suggested.

Research care cost too. Point out that 24/7 home care can cost \$5,000 or more a month in North America, she added.

A basic knowledge of care terms and definitions—including respite care, adult day care, hospice care—is also essential, according to Henderson.

She urged advisors to also build up their awareness of the chronic conditions of aging including Alzheimer’s disease. Any form of dementia “can destroy a family, its unity, and its finances,” said Henderson, adding that she knows first-hand. “I lived the experience of caring for a father with mixed dementia for 14 years, and I suffered from a lack of

awareness, knowledge and support.”

The more advisors know about dementia, the better able they will be to ensure appropriate financial decisions, she continued. They will also be better able to protect against “litigation from an angry family who may claim that their parent’s financial advisor had no right to follow the instructions of an impaired client.”

Other solutions she mentioned include:

Know your target prospects for LTC insurance. For example, women actively caring for parents or a 50-to-65 year old man with a parent in a nursing home.

Know your clients. Boomers are born optimists who do not respond to scare tactics or statistics, observed Henderson. So advisors need to work to really get to know them as individuals, to learn their hot buttons, fears, etc. “Do not be afraid to ask you clients lots of questions,” she said.

Don’t delay the discussion. Set the stage the minute the advisor secures new client, she said. “Then when the time comes to approach the subject, your client will be expecting it.”

Understand the special risks that women face. Women on average live 7 years longer than their husbands, cautioned Henderson. But along with experiencing financial insecurity, many also have “a tremendous fear of becoming a bag lady,” she said, citing a 2006 Allianz study that found this fear even among women with incomes of \$100,000 or more. Furthermore, many women end up experiencing not only when caring for a loved one but also later when they themselves need care, and many see income decline when the husband dies. Her view is LTC planning “should be part of the financial planning discussion advisors have with their female clients.”

Empower clients. For instance, encourage them to have a family meeting, where care conversation takes place. “Help them understand the value of such a meeting—before a crisis occurs,” she stressed, noting that such a meeting can enable parents and adult children to share vital information about health issues, care wishes, financial means, etc.

Go the extra mile. In addition to personally delivering a purchased policy, make sure the client knows how to use it, she suggested. “Ensure a single client, for example, knows she can and should designate a person to notify if something should happen and the premium is not paid. Suggest she give you contact information to her power of attorney (POA) for personal care, so if she were to become incapacitated

and needed benefits started, her POA could contact you. If the client has adult children, suggest they get copies of everything. Highlight the directions for making a claim, and write out the steps they should take.”

Create your own LTC planning team. This may include experts in financial, insurance, legal, accounting, and care management, she said. For example, if a long-standing client wants advice about finding assistance for his widowed father, the advisor can research associations, check out the yellow pages, and rely on network contacts to find geriatric care experts. Advisors who develop alliances with other professionals “will stand out among her peers and be able to add tremendous value to her client offerings,” Henderson said.

Position LTC planning and understand risk versus consequences. “More of us will live into our 90s and 100s,” she noted, “but with increased years comes increased risk of chronic illness.

But if that risk does not motivate interest in LTC planning, consequences will, she continued. Her idea is to help the client see the impact of the client’s illness on loved ones. That sells LTC insurance, she said, noting the “vast majority” of product sales come from people who have had a prior care experience.

Education, education, education. In short, the advisor needs an education, Henderson said. “You will not sell a service what you do not understand.” But clients also need an education, whether by seminars, client appreciation events, articles, individual consultations, or a combination. Public education is important too, she added, and it “must become a priority of both governments and insurance companies.” The lack of government and insurer involvement reinforces the denial that many consumers have about LTC, she warned.

Understand the role of assistive devices. “Spend a few hours touring the aisles of a home health store in order to develop a more complete understanding of what specialty home care products or assistive devices are available to enable clients to remain safely and independently at home,” Henderson recommended.

In closing, she presented some ideas on how to begin an effective LTC planning conversation with clients. “One possibility is to ask the following 4 questions,” she said: Do you know someone who has suffered a serious/chronic illness? Did they plan on it? Was there any unexpected emotional and/or financial strain on the household or business? Would cash have helped?

“Since the answers are certainly ‘yes’ except for question 2, it is easy for the client to put himself in this position and see the unfortunate consequences of not planning,” she said.



▲ Karen Henderson



Did You Know?
24/7 home care can cost \$5,000 or more a month in North America.