Using Facts to Combat the Long Term Care 'Self-Insurance' Plan

Life Health Pro
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One of the most common objections that a long term care insurance specialist will hear is, "I'll just self-insure." This objection can catch even experienced agents off guard -- but how can you respond politely to "smoke screens" such as this without letting clients know that you think they are being less than honest?

You can start by offering a few startling facts:

On average, someone who is 65 years old today will need some form of long term care services for three years.

Typically, women need care for a longer period of time (on average, 3.7 years) than men (on average, 2.2 years).

About one-third of today's 65-year-olds may never need long term care services; however, 20 percent of them will need care for more than five years.

You could also talk about the nearly bankrupt state of the government and how the government will obviously be unable to care for the "silver tsunami" of baby boomers who will need long term care. Medicare skilled nursing facility reimbursements continue to be at risk of cutbacks thanks to huge budget deficits.

What to do when the facts fail

Unfortunately, you can go only so far by offering the facts. You must be careful not to overuse points such as those listed above because many people don't really want to hear the facts. Their main goal, in fact, is to remain in denial about LTCI by using excuses such as, "I'll self-insure."

Unless you recognize "I'll just self-insure" for what it is -- a smokescreen -- prospects will be able to effectively stop you in your tracks. After all, it could be very rude to reply that you know they are not that wealthy.

To overcome this objection, you must stick to your firm conviction that LTCI is essential for the welfare of nearly all middle-aged Americans. There's rarely such thing as being too wealthy to need LTCI.

I sometimes respond to the "self-insure" objection by mentioning that nationally recognized and widely respected advisors such as Suze Orman and Terry Savage own LTCI themselves and are ardent proponents of the product. In fact, they have become wealthy by giving wise financial advice.

Reliable sources tell me that even "super-affluent" people such as Oprah Winfrey and Warren Buffet own LTCI. Although they could easily afford several hundred thousand dollars to pay for their own care, they don't feel that it's wise to self-insure. So why should your clients?

Perhaps the super-affluent own LTCI because, in addition to wealth preservation, the money collected from LTCI benefits can provide them with dignity, choices, and options that might not be unavailable otherwise. LTCI can give people a track to run on and a way for others to know their wishes and desires, even if they are unable to express themselves. LTCI can also reduce or eliminate much family stress and conflict.

A story you can use

I like to tell the story of Brooke Astor, the famous and well-loved doyenne of New York society. She was extremely wealthy and definitely could have self-insured. In December 2009, her son Anthony (Tony) Marshall was sentenced to one to three years in prison after he was found guilty of siphoning millions of dollars off of his mother before she died. The success of the charges seems to have hinged on the issue of Brooke Astor's long term care.

Tony Marshall is extremely affluent in his own right. He didn't need his mother's money. His son, Philip, made headlines when he filed a guardianship petition asserting that his father was neglecting his grandmother's care. Philip proved his father's negligence and gained guardianship of his grandmother. From that point on, the case seems to have gained most of its traction.

If Brooke Astor had owned a typical LTCI policy, ample funds would have been directly allocated to her care. It would have been quite difficult for Tony Marshall to steal from his mother because detailed reporting on the extent of Mrs. Astor's care would have been required in order to collect. Her policy might have also provided her with a care coordinator to advocate on her behalf.

Essentially, Brooke Astor was incapable of expressing her desires in her final years. The funds available from her LTCI would have provided those around her with the blueprint of her wishes and desires for care. Instead of "Anthony Marshall Sentenced to Jail," the headline might have instead read, "Tony Marshall Avoids Jail: Mom Owned LTCI."

Target emotions, not logic

I suggest that you make your LTCI presentations less about the statistics, then, and more about emotion. Draw on your client's sense of dignity and desire to access the best options. Concentrate on the emotional benefits of LTCI. Use analogies such as these in addition to learning your clients' firsthand stories about their loved ones who needed care. Talk about how very differently things might have turned out if only LTCI had been available. Only then can you crack through the apparent logic of self-insuring to the brass tacks of the matter: options and dignity.

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