

Top Responses to LTCI Objections

By Brian Anderson

SMA

Select SMA readers offer up their best counterpunches to the most common excuses prospects have for not purchasing long term care insurance.

Any good article about overcoming objections to LTCI is bound to include direct quotes from producers out in the trenches, sharing exactly what types of resistance they face and how they have been able to overcome it to convince a prospect of the need and value of LTCI.

Senior Market Advisor just happens to have a sizable editorial advisory board made up of readers who are in the field, utilizing best practices to sell effectively every day. We asked a bunch of them who sell long term care insurance to tell us what methods work best for them.

If these common objections ever pose problems for you, you're sure to find a fresh approach in the responses that follow. And thanks to all the Advisory Board members who contributed to this piece.

— Brian Anderson, Editor

Objection: "LTCI costs too much"

Response: I point out that they have transferred their risks with insurance except the LTC risk — which will be their greatest risk — and they can transfer that as well, for pennies on the dollar. It is always cheaper to use a portion of the interest of your savings to pay for LTC than to use your principle.

— Ronald Grant

Response: I always let clients know that I do not define this product as long term care insurance — I like to call it "portfolio protection insurance." If you could take a small piece of the rate of return from your investment portfolio and use it to purchase protection for your entire portfolio in the event of a long term care need, would you do it? Typically you can protect your entire portfolio for a fraction of your rate of return. We have to stop looking at long term care insurance as a day-to-day expense.

— Zach Roberts

Response: People just have to be convinced that price is not the issue — the issue is protection. Paying the price out of a ready budget is the problem. One way I have overcome that is having clients just take some of the gains from an annuity and pay the premium at one time. This way it is not coming out of the budget, and the gain was to that point only on paper, so it does not seem to hurt as much.

— Paul Mooradian

Response: I show prospects that the premium cost is minimal compared to the dollar value of the benefit they are purchasing now and especially with the compounding value in the future. I also show them an evaluation of other do-it-yourself methods of covering the future LTC costs — a lump sum low-risk investment or annual low-risk investments. This is usually very convincing.

— David R. Allen

Response: They will often check with their friends. If their friend's [LTCI policy] is way cheaper than what I am quoting, it is because they do not have inflation protection attached. After you explain what happens to the daily amount without inflation protection, the client usually sees why their premiums are higher. Personally, I will not sell LTCI without inflation protection. In the long run, it will hurt the client when the daily amount is being eaten up by inflation.

— Carlene Damba

Response: We have to approach it from the point of view of life insurance. Has anyone ever purchased life insurance unless love was there or the need to protect something very important and usually dear? Talk about love and caring and the opportunity to save agony for your loved ones, your children and perhaps

even your grandchildren when it comes time to need help from the family. Stop quoting costs and details and establish that it is all about love and caring. Then when it is time to go over the problems in LTC the situation will be a caring one.

— *George Perkins*

Response: If you find that you need LTC later on, you probably won't qualify for it and then the expense will be out of sight and break the bank. You don't want to take a chance of having all your savings spent and not be able to live on the retirement you planned for.

— *Dennis Brittain*

Response: I can certainly appreciate that any additional expenses in today's economy are not wanted. However, it is for this reason that it is so important that you do make the adjustment to protect what assets you currently have. Let's face it, if you don't make the premiums affordable now, you will not be able to afford the care that is needed if, like many Americans, you need LTC. It's like the old saying, "people don't plan to fail, they fail to plan." This is your plan and it will provide you with the coverage you want with the quality of life you deserve."

— *Nick Nitkowski*

Response: The only way to combat that objection is to educate clients on the current costs, and projected costs of health care.

— *Greg Lewis*

Response: Fortunately, most clientele I deal with is in younger age groups — 50s and early 60s. It must be explained that their purchase is for "future dollars." I explain that their \$2,000 annual premium isn't paying for \$288,000 of coverage today, although that is the current coverage available. The \$2,000 annual premium is for \$727,762 in available coverage in 20 years. We all want a potential higher payout in any investment for our future. This method shows that to the client in dollars and cents.

— *Lynne Bahre*

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— *Lynne Bahre*

Objection: "The kids will take care of me"

Response: Where do they live? Would they move into your lovely home or would you have to sell your home and live with them? Do they work during the day? Would they have to quit their job to take care of you? Are they licensed nurses? Would they be able to give you a bath? Change your diaper? Lift your total body weight? People are living longer ... if at some point your children were no longer able to provide your care, who will pay for the nursing home? Or would they help you "spend down your assets" to qualify for Medicaid?

— *Jan Ingram-Smith*

Response: I always tell them how wonderful it is that they get along so well with the children and grandchildren. The response is usually that this is a last choice, not a first. I then ask if the son/daughter are employed. How will it affect their position if they have to stay at home to take care of a parent? How will it affect the education of their grandchildren? I work on the concept of what they receive for Christmas and how much more meaningful it would be if the children donated, say, \$50 a month to a policy that lasts five years. The children love the idea that mom or dad or both can be taken care of for at least five years, which allows for time to plan the estate. This gives the parents relief as to the reduction of burden, it creates relief with the other members of the family and allows time to plan.

— *Timothy Sands*

Response: Which one will give up their job and move here to take care of you?

— *Joseph Vacca*

Response: That is wonderful that you have such caring children. You should be proud that you have such a good relationship with them. Realistically, I find that most parents don't want to be cared for by their children. They would prefer to maintain their independence as long as possible. The beauty of LTCI is that it can make it that much easier to stay in your own home or even in the home of your child. Wouldn't you agree, that even if you did go to live with one of your children, it would be much more enjoyable if you had coverage that would pay other individuals to perform those unpleasant daily care services, leaving your children free to simply enjoy your company? Many people make the mistake of thinking that the choice is either I have LTCI or I live with my kids. Why not a combination of the two? By having LTCI it will actually make it easier and more pleasant to live with the children, if that becomes necessary.

— *David Sears*

Response: I bring up the kids taking care of them first, by asking if they remember "Ozzie and Harriet." What did she wear, and what did she do while the kids were in school and dad was at work? She had the time, the energy and the space to care for her parents. How many kids do you have like that who wear dresses, heels, and pearl necklaces and flit around a big house all day dusting and baking a pie for dessert, that you can move in with?

— *Romeo Raabe*

Objection: "I can self-insure"

Response: One out of 1,800 houses burn down. One out of two people need long term care. Maybe you should self-insure the house instead?

— *Romeo Raabe*

Response: I developed an Excel spreadsheet to visually show the difference between the client investing or saving the amount of their LTC policy to fund their LTC needs. I ask the client what the largest "guaranteed interest rate" program is where they could place their money. Most say 3 to 5 percent. I then put that percentage to work on their annual premium amount. My program computes the growth of their account every year up to 40 years. My program automatically displays the growth of their equivalent LTC plan benefit pool for the premium they agreed upon, on the right side of the spreadsheet. With the 5 percent compound inflation protection rider, my prospective client can visually see the significant difference between the self-funding amount vs. the LTC benefit pool in 20 or 30 years. In most cases the client will have 10 to 15 times more money in the LTC benefit pool. Their self-funding plan will usually cover less than the cost of a nursing home for one year. Nine times out of 10 this simple visual will clearly overcome this frequent objection.

— *Ted Royston*

Response: Odds are, you will use it. We explore if they can self-fund via annuity or VUL, or at least in part. In general I have found the ones who can self-insure can afford the rider!

— *Karen Quintana*

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Objection: “I don’t need LTCI”

Response: What I have done in the past is to reassure them that they may not need care, but if they did, the real impact is not on them as an individual. They will be taken care of. The real impact is on their family; their spouse, children and grandchildren. They are the ones who will suffer if you need care, not you. It is about being as tactfully and brutally honest with them as possible. We all grow old. Don’t confuse getting old with getting sick. You might not get sick, but you will get old and at some point you will likely need help with the simple activities of daily living.

— *Scott Harris*

Response: Well, I’ve got news for you: It happens to one out of two retirees over 65, so look at the person next to you and say “good luck.” Denial gets you nowhere in life but to a poorer situation. Only 7 percent of people have LTCI. You need to apply now, take the bull by the horns and see if it is a viable option for you. If not, I recommend Money Guard, with the cash-back offer, two to four years of LTCI and a guaranteed death benefit. Everyone should entertain this as an alternative to long term care insurance.

— *Steven DeJohn*

Response: A potential client says, “I might not need this for 15 or 20 years.” I show them how much the total paid premium would have added up to in 15 years (annual premium x 15), and then I show them how much their daily benefit would be at that time (DB x 2, assuming compound). Then I show them by dividing the premium paid to date divided by the new daily benefit how many days they would have to need LTC to break even. It usually comes out to be around 80 to 90 days. IE Premium is \$1,800 a year. DB starts at \$160 per day, with compound inflation protection. In 15 years she paid \$24,000. Her DB is now up to \$320 per day. Divide \$24,000 by \$320. She would need care for 75 days to break even.

— *Harvey Sanders*

Objection: “I’m already covered”

Response: Most people feel that they are covered for LTC by the insurance they have now (short-term PPO/HMO). I spend about three to five hours in the house educating them on what LTCI will and will not cover. I ask a lot of questions and I listen. Once I have obtained the information I need, I start the process to

find them a company or plan that will make them feel in control of their LTC needs. I inform the client that short-term insurance will not be there and that family members are not the answer to provide the care they might need.

— *Ronald Grant*

Response: I get all assets and income down on my “fact find” to help choose benefits. I then separate what Medicaid would let them keep and how much they would have to spend down. This identifies the problem. If at the end they don’t like the premium, I suggest they can just spend that \$650,000, sell the cottage, cash in the life insurance, and go on Medicaid. Now the premium looks good.

— *Romeo Raabe*

Objection: “Suppose I die before I ever use my LTCI benefits”

Response: By using a “shared care” policy for husband/wife, this objection has pretty much vanished, since the policy then provides even better benefits for the spouse, most often the wife.

— *David R. Allen*

Response: That’s a good question. Yes, if you and your wife pay premiums for the next 30 years and then you both die suddenly, then your premiums are just down the tubes. But if one of you needs care, the benefits paid to just one of you for six months of care would neutralize 30 years of paying premiums for both of you!

— *Patty Brady*