HELPING LTC PLANNING CLIENTS BELIEVE IN THEMSELVES

By Wendy Boglioli

Funding long-term care has become one of the most pressing financial issues of our time. According to the U.S. Department of Health and Human Services, approximately 70% of people turning 65 today will need some type of long-term care services in their lifetime. We must make it a priority to help more Americans get serious about planning, but starting those conversations can be sensitive and filled with emotional pitfalls.

According to the 2024 Genworth Cost of Care Survey, the average cost for home care in the U.S. is $77,796 per year, assisted living is $70,800, and nursing home care is $127,752. Depending on the state, those numbers could be almost 40% higher. If recent history tells us anything, these numbers will continue to rise at an alarming rate.

Throughout my career, I have had the opportunity to speak with thousands of individuals about their financial futures. It's abundantly clear through these interactions that the lofty and growing cost of long-term care has many doubting their ability to cover these costs on their own.

Starting the conversation about financial planning often depends on an individual's financial mindset. This is particularly true of long-term care planning. However, there is a consultative approach that you can take with clients that might further engage them in getting serious about their planning.

BELIEFS DETERMINE SUCCESS

Albert Bandura, the world-renowned psychologist from Stanford University, has focused much of his career on the concept of "self-efficacy." This concept refers to the strength of one's belief in his or her ability to complete tasks and reach goals. Because self-efficacy can be such a powerful catalyst for positive and meaningful change, researchers continue to explore the connection between it and financial well-being.

Based on Bandura's research, it would stand to reason that people who believe that they can successfully engage in personal financial matters will do so with a positive outlook, exert more effort, enjoy persistence, and recover more quickly from setbacks. People with self-doubt will have negative attitudes and remain fearful rather than productive and proactive.

According to Bandura, there are four major sources of self-efficacy. By integrating these four sources into your conversations and taking an educational approach, you can leverage them as motivation and success for your clients and build lasting relationships.

FOUR SOURCES OF SELF-EFFICACY

1 SUCCESS

Performing a task and experiencing success is the most effective way to build self-efficacy.

Education Opportunity: A client's past success or failure in financial matters is the strongest indicator of their "financial self-efficacy." If a client has continually failed to achieve financial goals, they will likely continue to fail in the future unless they can change their mindset. One action you should take with these clients is to define short-term achievable goals that offer the opportunity to experience success and build a higher level of financial self-efficacy. This could be as simple as documenting what they believe their retirement years will look like. Where will they live? Will there be family nearby? Doing this could provide the confidence to take on the next steps in a larger financial goal, such as creating a financial plan to reduce spending and pay off debt.

2 VICARIOUS EXPERIENCE

Watching close friends, colleagues, or relatives successfully manage their finances.

Education Opportunity: During client meetings, probe for information through open-ended questions. The answers may provide insight into the people they admire or wish to financially emulate. If someone makes a statement such as, "My brother and his wife were able to take early retirement," this may open further discussion about how they can achieve a similar outcome.

3 VERBAL ENCOURAGEMENT

Verbal encouragement can persuade people that they possess the skills necessary to succeed.

Education Opportunity: Highlight areas where your client has enjoyed success. Then, explain how those same skill sets can deliver success in their financial matters.

4 MANAGING PHYSICAL AND EMOTIONAL RESPONSE

Moods, emotional states, physical reactions, and stress can all affect how one views their capabilities. The ability to minimize stress and elevate mood while performing challenging tasks can improve a person's self-efficacy.

Education Opportunity: Although the stress in a person's life, or the mood they are in, are difficult for you to control, the unknowns of future finances like long-term care can have a significant impact on one's mental state. This is the perfect opportunity to suggest that your clients have conversations with family members and implement a plan to deal with the emotional, physical, and financial challenges that may happen if they can no longer care for themselves.

Your Communication Strategy: You cannot expect to control a client's stress or emotions (there are other professionals better trained for that task), but conversations about future financial challenges like the one posed by long-term care may impact their emotional state. Knowing how to guide a conversation based on a client's self-efficacy can benefit them in the long run.

When it comes to long-term care planning, given the number of financial obligations facing those nearing retirement and those already in their post-employment years, it is easy to understand why this can become overwhelming and complex for clients. The good news is that the number of solutions outside of self-funding to help them cover some or all long-term care costs continues to grow. These include long-term care insurance, annuities, life insurance, reverse mortgages, continuing care communities, and veteran's benefits.

BuddyIns is focused on educating consumers about the importance of long-term care planning. Make it your mission to pass along practical resources to help clients take control of their financial futures and manage the planning process. At BuddyIns, we are here to partner with you to help more clients plan for their long-term care.

SOURCES

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"Self-Efficacy," by Albert Bandura in Encyclopedia of Human Behavior (edited by V.S. Ramachaudran). ©2012 Money Quotient, Inc.

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Featured speaker, long-term care expert, healthy aging advocate, and Olympic gold medalist Wendy Boglioli brings professional versatility and captivating insight to audiences across the country. Wendy's positive message and riveting personal story encourages everyone to take a holistic approach to their physical and financial outlook. As a BuddyIns account manager, Wendy focuses on educating financial advisors, agents, and consumers about the power of a long-term care plan. Wendy can be reached at wendy@buddyins.com.