

# Analyzing investor sentiment and behavior

## Overcoming today's long-term care challenges



From Carole King at the piano to Mick Jagger on stage, there are many prominent examples of people living vibrant lives into their 70s and beyond.

Generally speaking, we look at age much differently than previous generations. Today's "old" is not the same as yesterday's. This could explain, then, why few wealthy investors plan for the care they may eventually need.

People are living longer. Care is more protracted. Costs are higher. Options are complex. In this issue of *UBS Investor Watch*, “Unassisted Living,” we found that the majority of investors seem determined to age on their own terms.

Wealthy investors say their greatest fear of old age is being a burden to their children, preferring not to seek their assistance. Their overwhelming preference is to remain in their homes as long as possible and rely on a spouse or health aide if necessary. Only 39% of investors have talked with their children about who will take care of them.

Though investors have clear preferences about their future care, few have developed a plan, and fewer than a quarter have saved for it. Many investors avoid the topic because they don’t want their loved ones to worry. Others seem unsure of the true costs of long-term care—whether it’s at home or in a facility.

Yet, inaction could have unintended consequences. By failing to save for potential costs, talk with children ahead of time or establish an overall plan for their care, wealthy investors could produce the very outcome they most want to avoid—becoming a long-term burden, emotionally and financially, to their children.

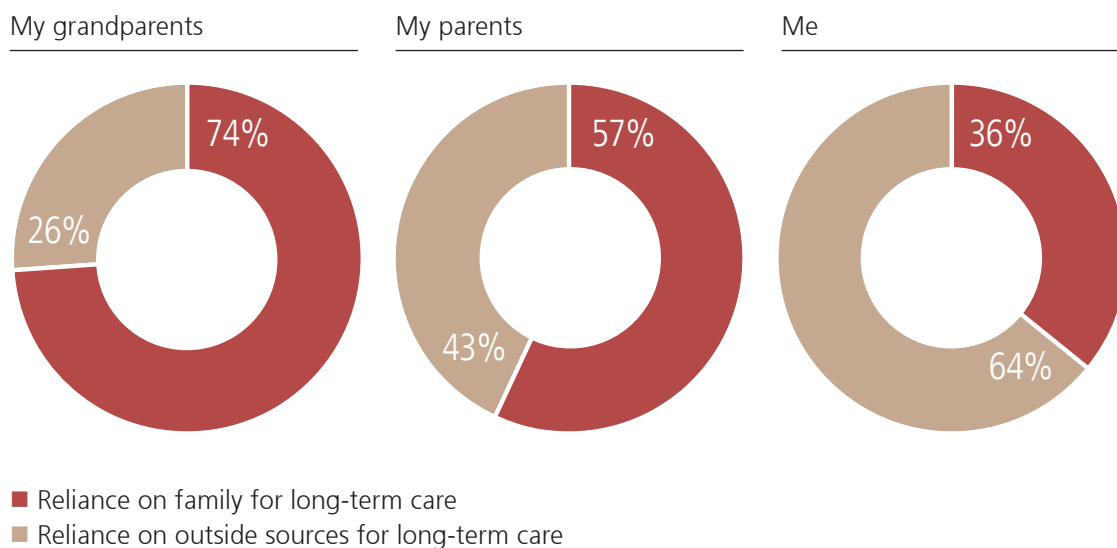
# 1

## Generational shifts are driving changes in long-term care...

The traditional model of children providing care to aging parents has changed significantly. Today, only a third of wealthy investors plan to rely on family, with the vast majority preferring outside care. In contrast, three quarters of investors say their grandparents relied on family for long-term care, and more than half say their parents did.

### Reliance on family has decreased dramatically

*Percentage who relied on or will rely on family vs. outside sources for their long-term care.*



“My wife spent great time and effort taking care of her ailing mother before she died. Neither of us feels that our children would make anything near that sacrifice.”

– Male, age 78

“We can hire someone to care for us where we live. We do not want to inconvenience our children or impose on them to care for us in their homes.”

– Male, age 71

## ...as parents seek to avoid being a burden to their children

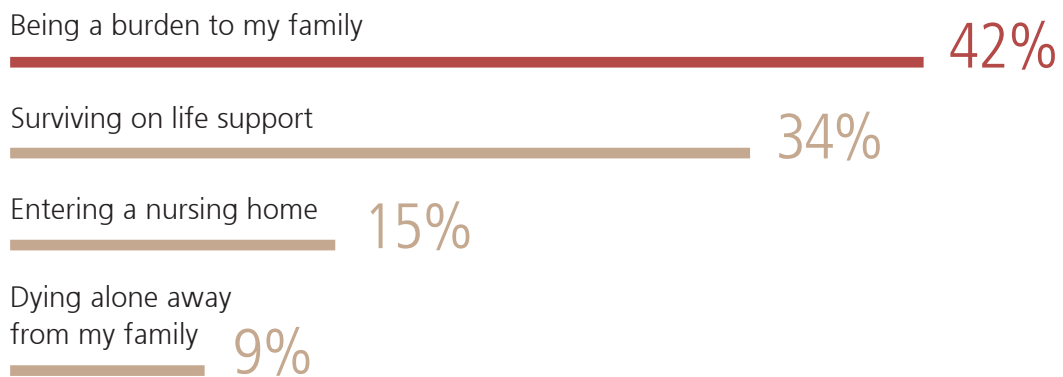
With regard to long-term care, what used to be the societal norm is now something investors are specifically trying to avoid. Nine out of 10 want to minimize the burden for their children. In fact, investors' greatest fear about old age is being a burden to their family.

When children do assume responsibility for aging parents, women are much more likely to be the caregivers. Sixty-six percent of investors say that if they were to rely on one child for care, that child would be a daughter.

### Being a burden is seen as worse than living on life support

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**Question:** "What is your greatest fear with respect to old age?"



**“Having to help puts a big load on your shoulders. I feel bad for feeling like it’s a burden but if I’m being honest, it is.”**

– Female, age 48

**“My kids like to think they would take care of me when the time comes, but they have no idea the burden they would be undertaking. I want my time with my family to be filled with fun and laughter.”**

– Male, age 74

# 2

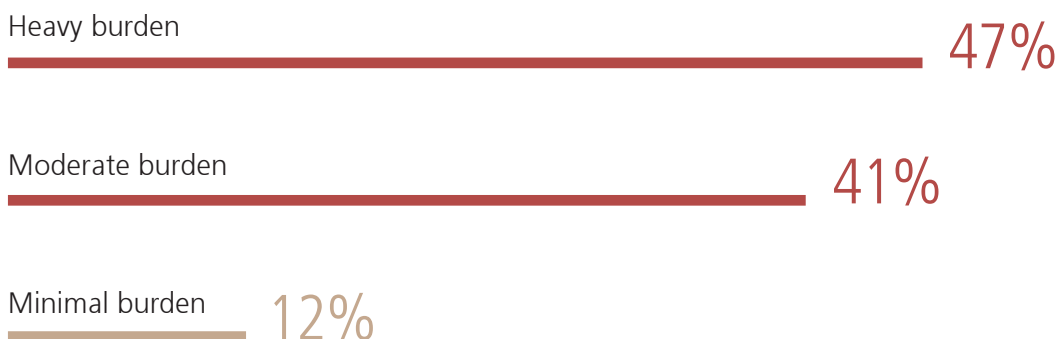
## Children acknowledge the heavy responsibility of caregiving...

The number of Americans needing long-term care is expected to double in the next 30 years.\* Already, one third of wealthy investors have parents who need assistance with daily living activities. Many of these investors have either taken on the primary caregiving responsibility or share it with siblings. The vast majority see it as a significant undertaking. While they are happy to help their parents and spend more time with them, they confess to feeling stressed and resentful as well.

### Caregiving is a considerable burden

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**Question:** “How much of a burden for you is it to take care of your parent(s)?”



“Neither my brother nor I can commit to more than a weekly visit to our parents. He travels a lot for his work, and I’m a state away. We’ll need to start evaluating different options, whether that’s somebody coming by daily, a live-in helper or moving to an assisted living center.”

– Male, age 47

“My mother will need help with more activities—cleaning, moving things around, gardening, putting shoes on, etc. It will bother her to rely more on me, and I will feel obligated to stay at home with her more often.”

– Female, age 46

\*Projection from the US Census Bureau, 2010.

## ...due to longevity, rising costs and distance from parents

Most wealthy investors believe caring for aging parents is harder than it used to be, citing several key reasons, from longevity to complexity.

### Investors see several reasons caregiving is harder today

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**Question:** *"Why do you think that taking care of aging relatives is harder than it used to be?"*

People are living longer 88%

Costs have risen 76%

Families are more spread out 67%

Care options are more complicated 65%

Nearly half of adult children live far away from their parents, making it much harder for them to provide caregiving support. When one adult child is close and others are not, responsibility typically shifts to the individual who lives nearby, often leading to tension in the family.

**"I sometimes feel guilty that my sister is taking on most of the burden when she should spend more time taking care of herself. It has strained my relationship with my mother."**

– Female, age 47

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## Investors intend to “outsource” their care, relieving children of the responsibility...

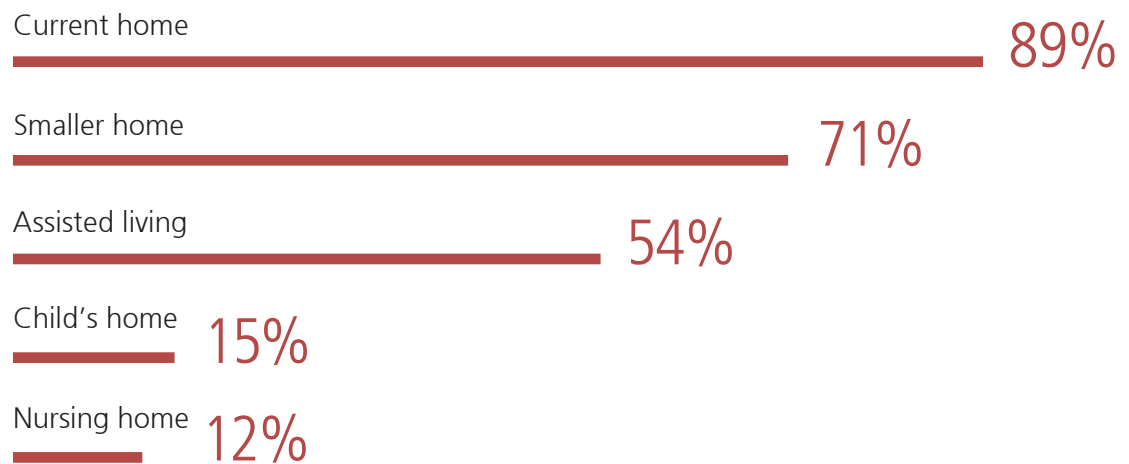
Wealthy investors have clear preferences on where they want to live and who should take care of them. To spare their children the burden of caregiving, the vast majority plan to stay in their home as long as possible and rely on a spouse or health aide. Their next preference would be to move to a smaller home. Assisted living facilities appeal to a slight majority of investors, but very few like the idea of entering a nursing home.

### Investors prefer not to rely on their children

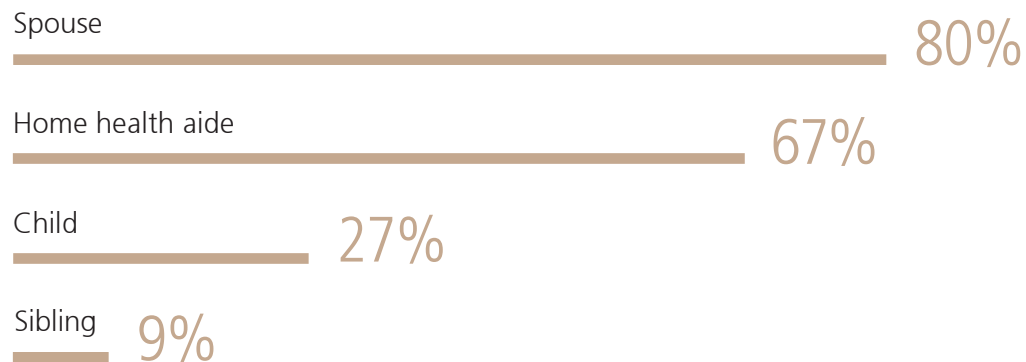
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*Percentage who consider each option appealing.*

#### Where they want to live...



#### ...and who should take care of them





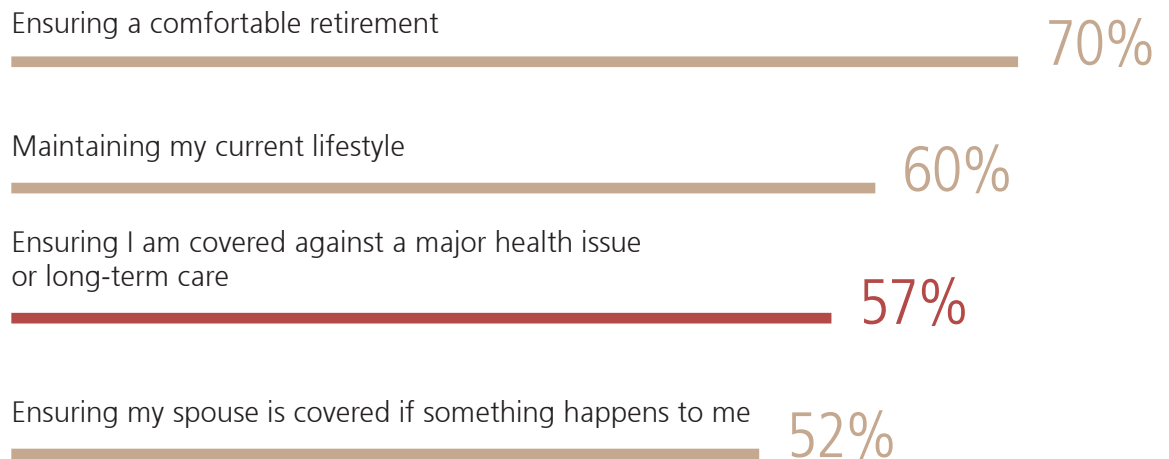
## ...but they worry about their ability to cover the costs

Wealthy investors rank coverage for long-term care as one of their most important goals, behind only retirement and maintaining lifestyle. However, they are much less confident about funding long-term care than they are about achieving their other goals.

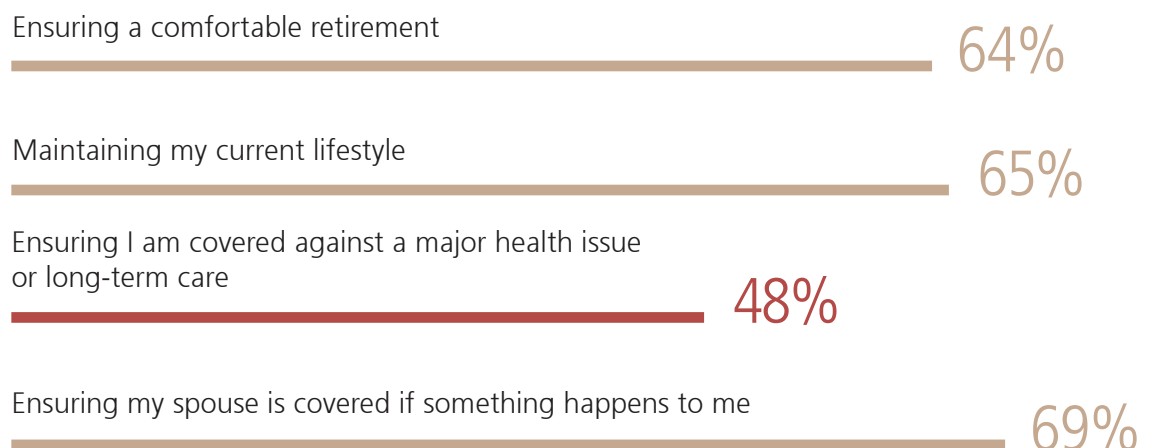
### Covering healthcare costs is highly important, but investors lack confidence

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**Question:** "How important are each of these goals?" (Percentages show how many investors responded "Extremely important" or "Very important.")



**Question:** "How confident are you that you can achieve these goals?" (Percentages show those who responded "Extremely confident" or "Very confident.")



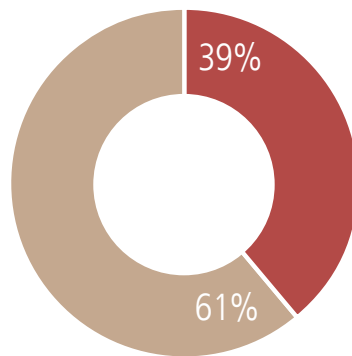
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## Most investors have failed to prepare for long-term care...

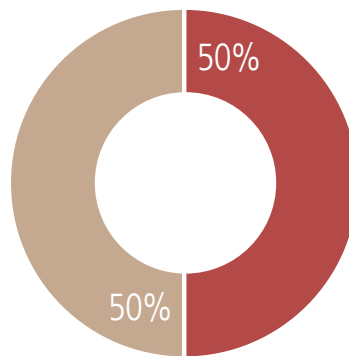
Many wealthy investors seem to be in denial with respect to their long-term care, avoiding conversations about the issue and failing to plan—even after experiencing a life-changing medical event within their own family. For a variety of reasons, most investors, including those in their 70s, have not discussed their long-term care wishes with children. Some don't want children to worry, while others simply don't want to think about their potential decline.

### Investors are underprepared for long-term care

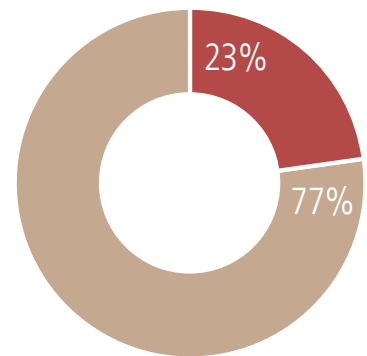
Discussed long-term care with children



Factored healthcare into their financial plan



Saved for future medical expenses



■ Investors who have  
■ Investors who have not

**“I don’t want to deal with possible problems. I want to make a decision about my care when some problem is real and not just a possibility.”**

– Female, age 71

**“I have friends who are making decisions on costs between helping their parents with long-term care or saving for their kids’ college.”**

– Male, age 49

## ...and would benefit tremendously from advice and planning

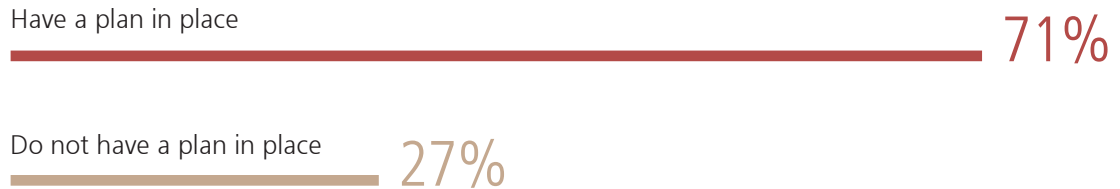
Most investors rely on their own research to gather information and make decisions on managing the future cost of their care. Despite feeling unsatisfied with these resources, however, only 8% have sought advice on managing their healthcare costs.

Not surprisingly, investors who have discussed where and how they want to live—and have taken steps to achieve their long-term care goals—are much more confident about their ability to cover potential expenses.

### Investors with a plan in place are significantly more confident

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**Question:** “How confident are you that you will be able to cover long-term care and medical expenses on your own?” (Percentages show how many investors responded “Extremely confident” or “Very confident.”)



“My greatest concern is sources of care...there is a wide variety of service providers in the market—some good and some very bad—with very little information available on choices.”

— Male, age 72

“Based on what happened with my parents’ long-term care, I plan to do things differently. Working with my financial advisor to search out the best long-term care options, planning to work until I qualify for retirement medical, saving for a ‘rainy day,’ maintaining a healthy lifestyle.”

— Male, age 46

**About the survey:** UBS Wealth Management Americas surveys US investors on a quarterly basis to keep a pulse on their needs, goals and concerns. After identifying several emerging trends in the survey data, UBS decided in 2012 to create the *UBS Investor Watch* to track, analyze and report the sentiments of affluent and high net worth investors.

*UBS Investor Watch* surveys cover a variety of topics, including:

- Overall financial sentiment
- Economic outlook and concerns
- Personal goals and concerns
- Key topics, like aging and retirement

For this 13th edition of *UBS Investor Watch*, 1,849 high net worth investors responded to our survey from September 10 – 18, 2015. These investors have at least \$1 million in investable assets, including 463 with at least \$5 million. With 90 survey respondents, we conducted qualitative follow-up interviews.

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