

viewpoint

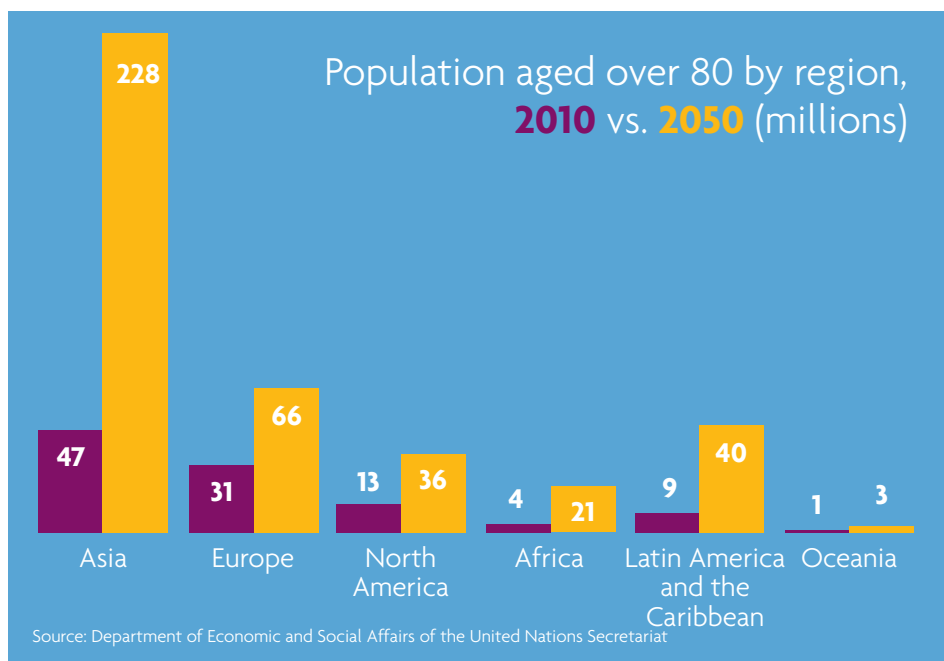
Caring about the long term

The potential costs of living longer

The good news for all of us is that we are living longer. A recent report found that death rates have been dropping for Americans of almost every age for decades and the population of Americans aged 100 and over grew by 44% from 50,281 in 2000 to 72,197 in 2014¹. In the UK, the trend is much the same. The UK government recently published data showing that the number of centenarians has risen by 65% over the last decade to 14,570 in 2015².

One of the consequences of increased longevity across large swathes of the globe is that more and more people need long-term care. For example, a study in the US by the National Institutes of Health found that the numbers of people living with Alzheimer's are expected to nearly triple to 14 million by 2050³.

A recent paper⁴ based on insights from granted researchers and published by AXA Research Fund called Long Term Care... Short Term Challenges?, looked in depth at the issue of long-term care from not only a social but also a medical and insurance point of view. The paper stated that an estimated 47 million people worldwide have dementia – an illness very much related to old age – and this number looks set to increase to over 130 million by 2050 as populations grow older. It added: "Dementia is... currently costing the global economy over \$800 billion. It will become a trillion-dollar disease by 2018 if things continue as they are."⁵



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Unsurprisingly, the issue of long-term care has become a major political, medical, social and financial discussion point. How society supports and pays for long-term care has become central to a global conversation about caring for people in old age, and the level of financial input required from private individuals and corporations is an essential part of that discussion.

For businesses, the impacts are manifold

Large organisations are already exploring the provision of insurance and benefits products that can pay towards future long-term care costs, but what exactly are those solutions? And what help and guidance is available to the organisations wanting to offer these benefits?

We are all aware that an ever-growing number of long-term carers are trying to balance work with their responsibilities towards relatives that need care and support. Often, those same employees also require flexibility around childcare. What sort of flexible working polices, or long-term leave options should companies offer to cater for staff such as these and how does all this affect productivity?

The AXA Research Fund paper stated that: “With the ageing of the world’s populations and the frailty of public insurance schemes, financing long-term care is sure to be one of our biggest challenges for the decades to come. To meet it, insurers will have an important role to play.

“The demographic ageing of world populations is now a common backdrop for a number of countries. At a time when many social security and welfare budgets are facing deep deficits, the public debate tends to focus on financing coverage and funding treatments. Once they have occurred, pathologies and dependency are very costly.

In some countries, current policies rely principally on family care-givers, who jeopardize their own health in caring for their loved ones. To relieve this burden, some governments provide these family care-givers with the possibility of receiving an indemnity when they take [a long term care] leave.”

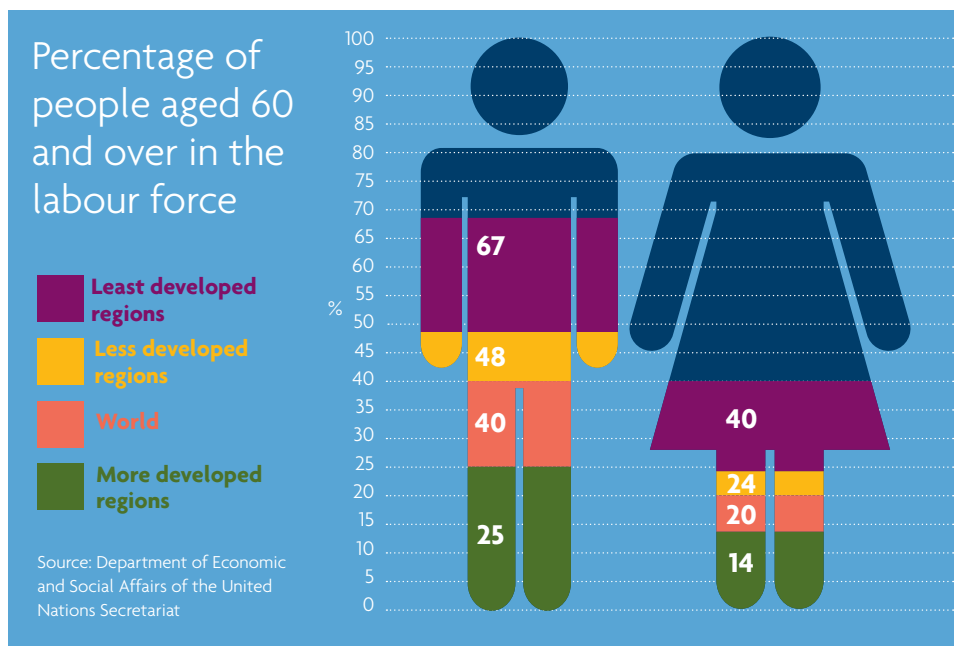
Long-term care: keeping staff awake at night

A study⁶ by consultant Mercer published earlier this year – entitled Inside Employees’ Minds: Financial Wellness – found among other things that ‘long-term care for themselves or their spouse when they need it’ was the joint-third biggest financial concern among respondents with high financial wellness scores, even coming ahead of credit card debt.

Indeed, three of the biggest issues that keep respondents awake at night were to do with retirement and healthcare: saving enough for retirement; long-term care; and healthcare expenses in retirement.

The report by Mercer illustrates that the issue and challenge of managing and financing long-term care is trickling down to the level of the individual. No longer is this issue seen as the responsibility of governments and the welfare state – we all know and accept we are likely to have pay for our own care to some extent at least. As such, the need for businesses to focus on long-term care as part of their employee engagement programme is becoming more and more necessary and could become a key attraction in an employees’ remuneration package.

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Are we ready for this?

It seems that we (as employers and employees) are, on the whole, woefully under-prepared. For instance, a recent media report in the Financial Times⁷, looking at global social care programmes, cited a survey on elderly care by Japan's Federation of Trades Unions – and called the results “shocking”. “The system supporting the elderly in the world's fastest ageing society appeared under such strain that nearly 28 percent of workers over the age of 40 said they were thinking of quitting their jobs to nurse an ageing relative.”

And, as the paper by AXA Research Fund stated, ill health in old age places a burden on families and caregivers, the social security and healthcare system of a country, as well as pension funds, both public and private.

“The last century saw huge changes in life expectancy around the world. The result is an increasingly ageing population and particularly numbers of very old people – that is those aged 85 years and over, who are the fastest growing demographic in many countries. Living healthier as we age is not only important for us as individuals, but also as a society.”

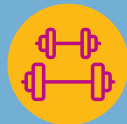
So what should businesses be thinking about?



Encourage saving. Encourage staff to save for their retirement sufficiently. Help them understand the fast-changing nature of healthcare and retirement planning in the context of long-term care – and give them access to the products and services that can help them mitigate risks.



Consider flexible working. Offer flexible working options for staff with dependants who need care and support. Work out how your organisation can best balance a staff carer's needs and also the needs of the business?



Develop staff health and wellbeing programmes. Encourage and develop staff health and wellbeing programmes to help them live fitter, healthier lives – and limit the risks, as far as possible, of developing long-term health issues in later life.



Focus on information. Provide information and guidance on long-term care and the issues that people are likely to face, from a social, medical and financial point of view. The more information that people have on the issues the better informed they will be and the more they will feel like their employer understands.

It's clear there is a lot of uncertainty around how we deal with the issue of supporting ourselves in old age, while already supporting increasing numbers of long-term carers before we, as a society, are ready. What we do know is that the challenge of meeting both the financial and time costs of long-term care will only increase, and businesses around the world need to prepare quickly.

1 <http://edition.cnn.com/2016/01/25/health/centenarians-increase/>

2 www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/ageing/bulletins/estimatesoftheveryoldincludingcentenarians/2002to2015

3 www.cnn.com/2017/05/04/a-major-development-in-the-public-fight-against-alzheimers.html

4 www.axa.com/en/newsroom/news/long-term-care-short-term-challenges

5 <https://www.alz.co.uk/research/WorldAlzheimerReport2016.pdf>

6 www.mercer.com/content/dam/mercer/attachments/global/inside-employees-minds/gl-2017-inside-employees-minds-financial-wellness.pdf

7 <https://www.ft.com/content/3507b50c-0276-11e7-ace0-1ce02ef0def9>

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