Online Appendices for

"Flexible long term care insurance: An experimental study of demand"

January, 2019

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Online Appendix A Experimental survey questions

		This research study	is being carried out by the f	ollowing researchers:]
		Role	Name	Organisation	1
		Chief Investigator	Professor Hazel Bateman	UNSW Australia	1
		Co-Investigator/s	Professor Susan Thorp Dr Ralph Stevens	The University of Sydney UNSW Australia	
		Research Funder	This research is being funde	ed by ARC Grant DP1093842	
What is thi You are inv	s research about? ited to take part in this onlin	e research study. Yo	ou have been invited becaus	e you fulfil the relevant survey	parameters of being age 18 or o
The aim of people fina	the research study is to inve nce their daily living and age	estigate individuals' f ed care needs.	inancial decisions and aged	care arrangements in retirem	ent. We hope to learn more about
Do I have t This Partici decide if yo	o take part in this researc pant Information Statement u want to take part in the re	h study? tells you about the r search.	esearch study. It explains the	e research tasks involved. Kn	owing what is involved will help yo
Please read	d this information carefully. I	Before deciding whe	ther or not to take part, you n	night want to talk about it with	a relative or friend.
Participation or The Univ	n in this research is volunta rersity of Sydney.	ry. If you don't wish t	o take part, you don't have to	o. Your decision will not affect	your relationship with UNSW Au
What does If you decid decisions a to take up t	participation in this reseated to take part in the researce bout the allocation of your rest of your rest.	arch require, and an th study, you will be etirement savings, a	re there any risks involved? asked to complete an online nd to answer questions abou	equestionnaire which will ask t demographics and personal	you to make hypothetical financial characteristics. We expect this a
Will I be pa You will be	id to participate in this pr paid around 400 Market po	oject? ints if you complete t	his survey. You also have th	e opportunity to earn bonus p	oints.
What are the We hope to	he possible benefits to pa use the research findings t	rticipation? o find new and bette	r ways to help people with th	eir long term retirement planr	ing.
What will h By clicking study. We v	appen to information abo on the 'I agree' button you o vill keep your data for 10 ye	ut me? consent to the resear ars.	rch team collecting and using	information from the questio	nnaire you complete for the resea
It is anticipa information	ated that the results of this re will be provided in such a w	esearch study will be vay that your researc	e published and/or presented h findings may be published	in a variety of forums. In any , but you will not be individual	publication and/or presentation, ly identifiable in these publication
Any information will be store will be store	ation obtained in connection ad on a host server that is u ad as data.	with this research s sed by the School of	tudy that can identify you will Risk & Actuarial Studies. No	remain confidential. The responsion of the respo	conses you provide to the questio collected in the questionnaire so r
How and w You have a Team Cont UNSW Sch this feedba	when will I find out what th right to receive feedback al act' detailed below. This fee ool of Risk & Actuarial Stud ck after the study is finished	e results of the resubout the overall resubout the overall resubout the will be in the times website at http://	earch study are? Its of this study. You can tell form of a working paper sum www.business.unsw.edu.au/	us that you wish to receive fe marising key results, availabl <u>about/schools/risk-actuarial/re</u>	edback by contacting the 'Resear e on the 'Working papers' page of esearch/publications. You will rece
What if I was Submitting have submit be able to t	ant to withdraw from the r your completed questionnai tted the questionnaire. Onc ell which one is yours.	research study? ire is an indication of e you have submitte	your consent to participate i d it, your responses cannot b	n the study. You can withdraw e withdrawn because they ar	v your responses any time before e anonymous and therefore we w
What shou The person problems w	Id I do if I have further qui you may need to contact w hich may be related to your	estions about my in ill depend on the nat involvement in the p	nvolvement in the research ture of your query. If you war project, you can contact the fi	study? t any further information cond ollowing member of the resea	cerning this project or if you have rch team:
Research 1	Feam Contact				
Name	Hazel Batemen				
Position	Professor, School of Risk	and Actuarial Studie	s		
felephone	+61 2 9385 3096		4		
Email	n.bateman@unsw.edu.au				
What if I ha If you have	ave a complaint or any con any complaints about any a	ncerns about the re aspect of the project,	search study? the way it is being conducted	d, then you may contact:	
Complaint	s Contact				
Position	Human Rese	arch Ethics Coordina	ator		
Telephone	+61 2 9385 6	222			
Email	humanethics(@unsw.edu.au	-		
HC Refere	nce Number HC15273				
	<">>" to continue.				
Please click					
Please click					
Please click					(

The purpose of this survey is to learn more about what matters most to people when think	ing about financing aged care in later life.
Please note that due to the nature of this survey you will be asked questions about your pe participate in this survey, you MUST answer these questions as we need your answers to questions are confidential, and cannot be used to identify you personally.	ersonal information such as income and your housing situation. T be able to ask you only relevant questions. Your answers to thes
Declaration by the participant	
□ I have read the Participant Information Sheet;	
I understand the purposes, study tasks and risks of the research described in the pro-	oject;
□ I have had an opportunity to ask questions and I am satisfied with the answers I have	ve received;
I freely agree to participate in this research study as described and understand that	I am free to withdraw at any time during the project and
withdrawal will not affect my relationship with any of the named organisations and/or	r research team members.
O I do not wish to participate	
~~ ~	
ntroduction	
hank you for agreeing to particinate in this survey about personal financial decisions and	aged and health care in retirement
	aged and near are in reactinent.
ne survey will take approximately 20 to 25 minutes to complete.	
Yease take as much time as you need to answer the questions. Most questions only requinonymous – that is no one involved in this study can identify you personally, no one will of our answers will be used for academic purposes only.	ire you to tick a box. All your answers to the questions are strictly contact you after the survey and no sales solicitation is involved.
This study is being conducted by researchers at UNSW Australia and the University of Syunaage their aged care costs in later life. This is not a policy proposal from the government esearchers to suggest ways to develop financial products to help you and other Australia	dney. The purpose is to explore better ways to help Australians nt. However, your answers might be used by the academic ns look forward to a more secure and comfortable retirement.
The survey begins with a few simple questions about you. Please DO NOT USE the "back he bottom of each screen. If you would like to pause the survey to return to it later, simply vill return you to the last point of entry in the survey.	c" and "forward" buttons in your browser, please use the buttons of close the window and click on the original link in the invitation. It
Please click ">>" to continue.	
	•
~<	~
/hat is your age?	
re vou?	
	.

Demographics

In this section of the survey, we will collect some demographic information about you.

Cultural background

Where were you born?

- Australia
- O New Zealand
- O United Kingdom, Channel Islands, Isle of Man
- O North-West Europe (excl. United Kingdom, Chanel Islands, Isle of Man)
- O Mediterranean countries
- O Eastern Europe
- O China
- \bigcirc India
- Asian country other than China and India
- O Other (Please specify)

Marital status

What is your current marital status?

- $\bigcirc\,$ Never married and not living in a long term (de facto) relationship
- ⊖ Widowed
- O Divorced
- Separated but not divorced
- Married
- Living in long term relationship (de facto)

Which of the following describes your family structure?

- Living alone
- $\bigcirc\,$ Living with husband/wife or a long term partner without children

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- $\bigcirc\,$ Living with husband/wife or a long term partner with children
- O Living with children (one parent family)
- Living with a relative or friend
- Other than the above

	out you	ur hea	alth.					
s a doctor ever told you that you have dement	ia?							
) Yes								
○ No								
es anyone ever help you with the following:								
	Yes	No						
Dressing, including putting on shoes and socks	0	0						
Bathing or taking a shower	0	0						
Eating, such as cutting up your food	0	0						
Getting in or out of bed	0	0	_					
Using the toilet, including getting up and down	0	0	_					
ease answer the following questions regarding	some	majo	r illnesses:					
		-		Vos	No			
Has a doctor ever told you that you have had a h	neart att	tack (coronary heart disease	163	NO			
angina congestive heart failure or other heart n	roblom	-2	coronary mean disease,	0	0			
angina, congestive near failure, or other near p	robients	5 !		_	~			
Has a doctor ever told you that you have diabetes or high blood sugar?			0	0				
Thas a doctor ever told you that you have diabete			-					
Has a doctor ever told you that you have chapter	: lung di	isease	e such as chronic	0	0			
Has a doctor ever told you that you have diabeted Has a doctor ever told you that you have chronic bronchitis or emphysema?	: lung di	isease	e such as chronic	0	0			
Has a doctor ever told you that you have diabeted Has a doctor ever told you that you have chronic bronchitis or emphysema? Has a doctor ever told you that you have had a s build you say your health is excellent, very goo Excellent	stroke?	isease d, fair	e such as chronic	0	0			
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The three retirement income product options are:
1. Lifetime Annual Income: This product offers regular income payments every year for the rest of your life. For every \$1,000 premium you pay now (one-off payment), you will receive payments of \$75 (CPI-indexed) each year for the rest of your life. If you die, the payments stop and no money will be paid to your estate.
 Aged Care Income: This product offers additional income if you need aged care. For every \$1,000 premium you pay now (one-off payment), you will receive payments of \$1,000 (CPI-indexed) each year if at any time you have either (or both) of the following health conditions:
 You are diagnosed with dementia. You need help completing at least two of the following activities: (i) eating, (ii) bathing, (iii) dressing, (iv) toileting, and (v) getting in or out of bed.
f you die, the payments stop and no money will be paid to your estate.
3. Account-Based Pension Product: This product is an investment account where you can deposit your retirement savings and withdraw as and when needed. If you die, any balance will be vaid to your estate.
For all three products:
 The income you receive would be on top of the Age Pension you receive from the government and does not affect the amount of Age Pension. Assume you do not have to pay any tax. The issuer of the product will never default so you are guaranteed to be paid if you qualify.
You can click ">>" to continue in 58 seconds
< <p>**</p>
Some hypothetical scenarios
Ve are now going to present you with a series of hypothetical scenarios and ask you to make decisions about the allocation of your retirement savings to he various retirement income product options we have shown you.
f you need any information about the three products (Lifetime Annual Income, Aged Care Income, Account-Based Pension Product), just hover your mous ver the blue text and a summary table of all three will pop up).
noring your own financial circumstances for the moment, we want you to imagine you
 Are 65 years old, Are about to retire, Own your own home.

You can click ">>" to continue in 29 seconds

lover your mouse over the blue text for more information on these products	
a the first seconds way have:	
n uns inst scenario, you nave.	
Basic retirement income of \$22,000 per annum (CP1-Indexed). This is from the Age Pension. Retirement savings of \$175,000	
he decision you have to make is as follows:	
How much Aged Care Income (if any) do you want to buy?	
The balance of your retirement savings after buying the Aged Care Income will go into an Account-Base income (of \$22,000 per annum CPI-indexed) is not affected by your choice.	ed Pension Product. Your basic retirement
Jsing the slider below, show how much Aged Care Income you would like to receive each year in the fu	uture, in the event that you qualify.
	Aged care income
\$0	\$175,000 Maximum
You can position the slider anywhere on the line, but you need to move it at least once before you can cor	ntinue.
he outcomes of your choice are summarised as follows:	
. Basic retirement income: \$22,000	
Aged Care Income paid only if you suffer from either (or both) of the health conditions 1) or 2): \$0	
Account-Based Pension balance: \$175,000	
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< <p>Scenario 2 - How much Aged Care Income would you prefer?</p>	
Scenario 2 - How much Aged Care Income would you prefer? Iover your mouse over the blue text for more information on these products.	
Scenario 2 - How much Aged Care Income would you prefer? lover your mouse over the blue text for more information on these products. n the previous scenario, you had basic retirement income of \$22,000, which is made up of Age Pension o 3,300 Lifetime Annual Income using your retirement savings of \$43,750. As a result, you now have:	only. In this scenario, suppose you have purchase
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Hover your mouse over the blue text for more information on these products.	
In the previous scenario, you had basic retirement income of \$25,300, which is made up of Age Pension (\$22,0 In this scenario, suppose you have purchased \$6,600 Lifetime Annual Income using your retirement savings of the Income using your retirement savings of the second	00) and Lifetime Annual Income (\$3,300). of \$87,500. As a result, you now have:
Basic retirement income of \$28,600 per annum (CPI-indexed). This is made up of Age Pension (\$22 Retirement savings of \$87,500	000) and Lifetime Annual Income (\$6,600)
The decision you have to make is as follows:	
How much Aged Care Income (if any) do you want to buy?	
The balance of your retirement savings after buying the Aged Care Income will go into an Account-Based Pe ncome (of \$28,600 per annum CPI-indexed) is not affected by your choice.	nsion Product. Your basic retirement
Using the slider below, show how much Aged Care Income you would like to receive each year in the future	in the event that you qualify.
	Aged care income
\$0	\$87,500 Maximum
The slider is positioned at the choice you made in the last scenario (If your previous choice is greater than the r san buy in this scenario, the slider is positioned at the maximum). You can position the slider anywhere on the before you can continue.	naximum amount of aged care income you ine, but you need to move it at least once
The outcomes of your choice are summarised as follows:	
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2. Aged Care Income paid only if you suffer from either (or both) of the health conditions 1) or 2): \$0	
3. Account-Based Pension balance: \$87,500	
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Aged Care Income and an Account-Based Pension product for different levels of basic retirement income. In the ne to choose between different combinations of basic retirement income, Aged Care Income and Account-Based Pens Please click ">>" to continue.	ext three scenarios we would like you sion.
**	>>
Scenario 5: Retirement income product combinations	
Columns A, B and C represent combinations of retirement income products. They are equal in total value, and would of \$175,000.	be funded from your retirement savings
Which of the following three combinations A, B or C, would be best for you? Which would be worst?	

Hover your mouse over the blue text for more information on these products.

	Α	В	С
Your annual basic retirement income (Age Pension plus Lifetime Annual Income)	\$25,300	\$28,600	\$31,800
Your annual Aged Care Income if you suffer from either (or both) health conditions 1) or 2)	\$24,950	\$37,650	\$10,950
Your Account-Based Pension balance	\$ 106,300	\$49,850	\$32,800
Which of A, B or C would be BEST for you:	0	0	0
Which of A, B or C would be WORST for you:	0	0	0

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Scenario 6: Retirement income product combinations

Here are another three combinations. They are equal in total value, and would be funded from your retirement savings of \$175,000.

Which of the following three combinations A, B or C, would be best for you? Which would be worst?

Hover your mouse over the blue text for more information on these products.

	Α	В	С
Your annual basic retirement income (Age Pension plus Lifetime Annual Income)	\$25,300	\$22,000	\$35,125
Your annual Aged Care Income if you suffer from either (or both) health conditions 1) or 2)	\$24,950	\$38,500	\$ 0
Your Account-Based Pension balance	\$106,300	\$136,500	\$0
Which of A, B or C would be BEST for you:	0	0	0
Which of A, B or C would be WORST for you:	0	0	0

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Scenario 7: Retirement income product combinations

In the last question we noticed that you prefer combination **A**. Now suppose that the **Aged Care Income** product was not available as an option. Please consider the three new combinations below. They are equal in total value, and would be funded from your retirement savings of \$175,000. Which of the following three combinations A, B or C would be best for you? Which would be worst?

Hover your mouse over the blue text for more information on these products.

	Α	В	С
Your annual basic retirement income (Age Pension plus Lifetime Annual Income)	\$25,300	\$28,563	\$22,000
Your Account-Based Pension balance	\$131,250	\$87,500	\$175,000
Which of would be BEST for you?	0	0	0
Which of A, B or C would be WORST for you?	0	0	0

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Scenario 8: Financing Aged Care Income product

In the last scenario, you made the following choice:

Basic retirement income of \$28,563 per annum (Age Pension plus Lifetime Annual Income)
 Account-Based Pension balance of \$87,500

If you were to buy the Age Care Income product, you could finance this either by reducing your Lifetime Annual Income and/or by reducing your Account-Based Pension balance.

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Columns A, B and C represent the three possible ways to finance your Aged Care Income product. The total costs are equal in total value. Which of the following three options in columns A, B or C, would be best for you? Which would be worst?

Hover your mouse over the blue text for more information on these products.

	A - reducing Lifetime Annual Income	B - reducing both Lifetime Annual Income and Account- Based Pension balance	C - reducing Account-Based Pension product
Your annual basic retirement income (Age Pension plus Lifetime Annual Income)	Decrease ()	Decrease (-)	Keep the same
Your Account-Based Pension balance	Keep the same	Decrease (-)	Decrease ()
Explanation	For each \$1,000 increase in Age Care Income each year, you reduce your Lifetime Annual Income by each year	For each \$1,000 increase in Age Care Income each year, you reduce your Lifetime Annual Income by \$37.50 and your Account-Based Pension balance by \$500	For each \$1,000 increase in Age Care Income each year, you reduce your Account.Based Pension balance by \$1,000
Which of A, B or C would be BEST for you:	0	0	0
Which of A, B or C would be WORST for you:	0	0	0

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In the final scenario of this section, we will ask you to choose which type of benefit you would prefer to cover aged care costs.
Please click ">>" to continue.

• In this is not a. Final Preparements You will accel require final on prepare this depart in the second the prepare the second the Age Care Income payments, you need to pay for the softward any your second to your second your sec	the scenarios so far the age care income product has paid fixed annual pays enefit to cover aged care costs. The price you would pay would be the same	ments. Now imagine that the transferred term of the term of te	nere are two alternative w ou would receive are also	ays you can receive a projected to be the sam
A control B. Reinburgements. You will be inhuburged for the full costs of care that you have incurred. However, you will not receive any payment in word prefer? in word prefer? in word prefer? in word prefer? in word of prefer (find payments - Option B inhuburged prefer (find payments - Option B) inhuburged	 Option A - Fixed Payments: You will receive regular fixed payments (0 That is, you will receive the full payment even if you do not have to pay members). However, if your aged care expenses exceed the Age Care 	CPI-indexed) if you suffer fit that much for your care (for Income payments, you nee	rom either (or both) of the or example, if the care is _l ed to pay for the shortfall	health conditions 1) or provided by your family
	Option B - Reimbursements: You will be reimbursed for the full costs you do not have to pay for the costs of care.	of care that you have incur	red. However, you will n e	ot receive any payments
I vandig prefer fræd pagments - Option B I vandig prefer fræd pagments - Option B I vandig prefer fræd pagments - Option B I vandig prefer fræd pagments - Option B I etterment income product choices: Review of your product knowledge ow uve would like to review your knowledge of the reviewnent income product. I the following statements apply to each of the products - Lifetime Annual Income, Aged Care Income and the Account-Based Pension product? ow uve would like to ow under to product anne whenevert the statement applets to it. ow trave to the ow one or more bases for each column and row. I telline Annual Aged Care Income Product Aged Care Income and the Account-Based Pension product? I vand new more y in an account which I can access I vand new more y in an account which I can access I vand new more y in an account which I can access I vand new more y in an account which I can access I vand new more y in an account which I can access I vand new more y in an account which I can access I vand new open and and vand in the output you you do ally living I vand new open and you with the dallowing applies to it. as a socret ver totel you that you have dementia? I vand new open apply set as a choice ver totel you that you have dementia? I vand new open apply set as a choice ver totel you that following: I vand new open apply set as a choice ver totel you that following: I vand new open apply set a socret ver totel you that following: I vand new open apply <th>/hich option do you prefer?</th> <th></th> <th></th> <th></th>	/hich option do you prefer?			
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Section 2: Financial behaviour

In this section of the survey, we will ask you about your risk attitude, level of patience and when you would like to spend your money.

Risk attitude

1. How do you see yourself: Are you generally a person who is fully prepared to take risks or do you try to avoid taking risks?

Please tick one box on the scale where 0 means 'not prepared to take risks' and 10 means 'fully prepared to take risks'.

Not prepared to take risks										Fully prepared to take risks
0	1	2	3	4	5	6	7	8	9	10
0	0	0	0	0	0	0	0	0	0	0

2. How do you see yourself: Are you generally a person who is fully prepared to take risks in *financial matters* or do you try to avoid taking risks in *financial matters*?

Please tick one box on the scale where 0 means 'not prepared to take risks' and 10 means 'fully prepared to take risks'.

Not prepared to task risks										prepared take risk
0	1	2	3	4	5	6	7	8	9	10
0	0	0	0	0	0	0	0	0	0	0
									_	

Section 2: Financial behaviour

Patience

3. How do you see yourself: Are you generally an impatient person, or someone who always shows great patience?

Please tick one box on the scale where 0 means 'very impatient' and 10 means 'very patient'.

Very impatient										Very patient
0	1	2	3	4	5	6	7	8	9	10
0	0	0	0	0	0	0	0	0	0	0

Spending in different health conditions

4. People's general spending behaviour may be different when they are not healthy. How do you see yourself: Are you generally like person A or person B?

Person A: Spend as much as possible while being in good health and spend little while being in bad health.
 Person B: Spend as much as possible while being in bad health and spend little while being in good health

Please tick one box on the scale where 0 means 'Person A' and 10 means 'Person B'.



In the following questions we will ask you about life expectancy, health and aged care.	
Subjective longetivity	
According to Australian Bureau of Statistics, Australian females at your age on average are expected to li you will live?	ive to age 90, to what age do you think
Smoking behaviour	
Which of the following best describes your smoking behaviour? (By smoking we mean more than 100 cig pipes or cigars)	parettes in your lifetime. Do not include
O Ever smoked, currently smoking	
○ Ever smoked, currently not smoking	
O Never smoked	
«	>>
Section 3: Life expectancy and aged care	
Section 0. Life expectancy and aged care	
How many children do you have that are still alive?	
	>>
**	>>
< Section 3: Life expectancy and aged care	>>
Section 3: Life expectancy and aged care Think about the inheritance you and your partner might leave (but not including any inheritance you might leave to be a section of the inheritance of th	>> o each other).
Section 3: Life expectancy and aged care Think about the inheritance you and your partner might leave (but not including any inheritance you might leave to Including property and other valuables as well as money that you might own, what are the chances that y inheritance totalling \$10,000 or more?	>> o each other). ou and your partner will leave an
Section 3: Life expectancy and aged care Think about the inheritance you and your partner might leave (but not including any inheritance you might leave to Including property and other valuables as well as money that you might own, what are the chances that y inheritance totalling \$10,000 or more? Please select your answer	>> o each other). ou and your partner will leave an
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IF NO CHANCE

hink about the inheritance you and yo	partner might leave (but not including any inheritance you might leave to each other).
cluding property and other valuab heritance totalling \$10,000 or more	s as well as money that you might own, what are the chances that you and your partner will leave an
No chance, almost no chance (1 ch	ice in 100) 🗸
nd what are the changes that you	d our partner will leave and inheritance? Include all properties and other valuable items as well as monorties
id what are the changes that you a re.	d our partner will leave and inheritance? Include all properties and other valuable items as well as mon
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IF <> NO CHANCE

		, ,	
cluding property and other valuables as heritance totalling \$10,000 or more?	well as money that you might own, wha	t are the chances that you and your partner will leave	an
Very slight possibility (1 chance in 10)	~		
nd what are the chances that you and yo ems as well as money here.	ur partner will leave an inheritance total	ly \$100,000 or more? Include properties and other values an	laple
Please select your answer	~		

Exposure to care and health insurance	
Exposure to care and health insurance	
In the last five years, have you ever received assis you?	stance or services provided by any medically-trained person who came to your home to help
⊖ Yes	
O No	
In the last five years, have your parents, siblings of person who came to their home to help them?	or other close relatives ever received assistance or services provided by any medically-trained
⊖ Yes	
○ No	
 Don't know 	
Did you look after any sick or disabled adult in the (By 'look after' we mean the active provision of ca	∋ past week (including your partner or other people in your household)? <i>re</i>)
⊖ Yes	
○ No	
Not including Medicare, are you covered by any p	rivate health insurance plan, whether in your own name or through another family member?
○ Yes, in own name	
 Yes, through another family member 	
O No, not insured	
~	
Section 3: Life expectancy and aged care	e
Section 3: Life expectancy and aged care	e
Section 3: Life expectancy and aged care Potential to receive aged care and aged care plan When getting older, you may need help with daily gardening, cleaning, cooking). Have you given a t	e ning living activities (eg, bathing, dressing, feeding) and/or domestic tasks (eg, shopping, hought about who will provide care or support for you before you participated in this survey?
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Section 3: Life expectancy and aged car	re	
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	- (dia dalahar (ang ang ang ang ang ang ang ang ang ang
you were to need <u>some</u> help with daily living ac leaning, cooking), who do you expect will provid	ctivities (e.g., bathing, dressing, feeding) and/or domes ide that help?	stic tasks (e.g., shopping, gardening,
elect all that apply.		
Spouse/partner		
Children/extended family		
Friends and neighbours		
An aged care provider, in my home		
An aged care provider, in residential care		
Personal carers/gardeners/cleaners etc. that I	I hire myself	
Other (Please specify)		
you were to need extensive bein with daily livin	ng activities (e.g., bathing, dressing, feeding) and/or do	mestic tasks (e.g., shonning, gardening
leaning, cooking), who do you expect will provide	ide that help?	mesue tasks (e.g., snopping, guruening,
elect all that apply.		
Spouse/partner		
Children/extended family		
Friends and neighbours		
An aged care provider, in my home		
An aged care provider, in residential care		
Personal carers/gardeners/cleaners etc. that I	I hire myself	
Other (Please specify)		
/hich of the following statements best describe:	es your thoughts about financing your aged care expension	ses?
	- ,	
$\bigcirc~$ I've made sure I've got enough money/assets t	to pay for care when I need it	
$\bigcirc\$ I will need some help from my family to pay for	or my aged care costs	
○ I will need some help from the government to p	pay for my aged care costs	
○ I expect the government to pay all my aged ca	are costs	
0.0 h 1 h 1 h 1		
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Can't say - don't know what aged care services < as a doctor ever told you that you have demention of the services Yes No Oressing, including putting on shoes and socks Bathing or taking a shower Eating, such as cutting up your food Getting in or out of bed Using the toilet, including getting up and down ave you seen these questions previously in this Yes No	tia?	

Section 4: Personal characteristics

In this final section of the survey, we will collect some socio-economic information about you

Education

What is the highest level of school you have completed?

- Year 12 or equivalent
- Year 11 or equivalent
- Year 10 or equivalent
- Year 9 or equivalent
- Year 8 or equivalent
- Year 7 or equivalent
- Year 6 or below
- O Did not go to school

What is the highest post school qualification you have?

O PhD

- O Master Degree or equivalent
- O Graduate Diploma and Graduate Certificate from university or equivalent

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- O Bachelor Degree or equivalent
- O Advanced Diploma and Diploma from university/TAFE or equivalent
- O Certificate or equivalent from TAFE or equivalent
- None of the above

Section 4: Personal characteristics

Work status

Which of the following best describes your current work status?

$\bigcirc\,$ Employed full time

- $\bigcirc\,$ Employed part time
- \bigcirc Unemployed
- O Not in the labour force Stay-at-home parent or caregiver
- O Not in the labour force Full-time student
- O Not in the labour force Retired
- O Not in the labour force Other

Income

Which of the following categories best describes your weekly (annual) gross personal income (before tax)?

- Negative income
- O Nil income
- \$1-\$199 (\$1-\$10,399)
- \$200-\$299 (\$10,400-\$15,599)
- \$300-\$399 (\$15,600-\$20,799)
- \$400-\$599 (\$20,800-\$31,199)
- \$600-\$799 (\$31,200-\$41,599)
- \$800-\$999 (\$41,600-\$51,999)
- \$1,000-\$1,249 (\$52,000-\$64,999)
- \$1,250-\$1,499 (\$65,000-\$77,999)
- \$1,500-\$1,999 (\$78,000-\$103,999)
- \$2,000 or more (\$104,000 or more)

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Section 4: Personal characteristics

Which of the following categories best describes your weekly (annual) gross household income (before tax)?

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- Negative income
- O Nil income
- \$300-\$399 (\$15,600-\$20,799)
- \$400-\$599 (\$20,800-\$31,199)
- \$600-\$799 (\$31,200-\$41,599)
- \$800-\$999 (\$41,600-\$51,999)
- \$1,000-\$1,249 (\$52,000-\$64,999)
- \$1,250-\$1,499 (\$65,000-\$77,999)
- \$1,500-\$1,999 (\$78,000-\$103,999)
- \$2,000-\$2,499 (\$104,000-\$129,999)
- \$2,500-\$2,999 (\$130,000-\$155,999)
- \$3,000-\$3,499 (\$156,000-\$181,999)
- \$3,500-\$3,999 (\$182,000-\$207,999)
- \$4,000-\$4,999 (\$208,000-\$259,999)
- \$5,000 or more (\$260,000 or more)

This section includes qu	uestions to measure your general financial competence. Please answer the questions without using a calculator.
Suppose you had \$10 account if you left the	0 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the money to grow?
O More than \$102	
O Exactly \$102	
O Less than \$102	
○ Do not know	
magine that the interest to buy with the mone _}	est rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, how much would you be abl / in this account?
 More than today 	
 Exactly the same 	
○ Less than today	
○ Do not know	
Buying shares in a sir	ngle company usually provides a safer return than buying units in a managed share fund.
⊖ True	
○ False	
O Do not know	
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~	>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>
Financial Literacy	and Numeracy
Financial Literacy magine that we rolled	and Numeracy a fair, six-sided die 1,000 times. Out of 1,000 rolls, how many times do you think the die would come up even?
Financial Literacy magine that we rolled Page of the second se	and Numeracy a fair, six-sided die 1,000 times. Out of 1,000 rolls, how many times do you think the die would come up even? between 0 to 1000 in the box.
Financial Literacy magine that we rolled 'lease enter a number times	and Numeracy I a fair, six-sided die 1,000 times. Out of 1,000 rolls, how many times do you think the die would come up even? between 0 to 1000 in the box.
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Financial Literacy magine that we rolled Please enter a number times n a lottery, the chance single ticket in the lott Please enter a number people n a raffle, the chance	and Numeracy I a fair, six-sided die 1,000 times. Out of 1,000 rolls, how many times do you think the die would come up even? between 0 to 1000 in the box. e of winning a \$500 prize is 1%. What is your best guess of how many people would win the prize if 1,000 people each buy tery? between 0 to 1000 in the box. of winning a car is 1 in 1,000. What percent of tickets in the raffle win a car?
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Financial Literacy magine that we rolled 'lease enter a number times n a lottery, the chance ingle ticket in the lot 'lease enter a number people n a raffle, the chance 'lease enter a percenta times tim	Parand Numeracy I a fair, six-sided die 1,000 times. Out of 1,000 rolls, how many times do you think the die would come up even? between 0 to 1000 in the box. e of winning a \$500 prize is 1%. What is your best guess of how many people would win the prize if 1,000 people each buy tery? between 0 to 1000 in the box. of winning a car is 1 in 1,000. What percent of tickets in the raffle win a car? Ige.

Product knowledge

Have you heard of the following:

	Yes	No
Bank/credit union transaction acounts	0	0
Bonds	0	0
Shares (Stocks)	0	0
Private health insurance	0	0
Life insurance policies	0	0
Superannuation accounts	0	0
Account-based (or allocated) pension	0	0
Lifetime annuity	0	0
Fixed term annuity	0	0
Aged care insurance	0	0

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Regarding a lifetime annuity, which of the following statements are always true?

Select all that apply.

- It is a type of life insurance product
- As a purchaser, you exchange a lump sum for regular income payments
- $\hfill\square$ Income from this product lasts your whole life regardless of how long you live
- $\hfill\square$ The estate receives a lump sum payment when the purchaser dies
- Purchasing this product results in regular income payments at interest rates higher than an equivalent term deposit

Regarding aged care insurance, which of the following statements are always true?

Select all that apply.

- As a purchaser, you pay a single/regular premium in exchange for benefits that help you cover (or reduce) the cost of long-term aged care or support expenses
- $\hfill\square$ The insurance covers costs of residential care only
- ☐ The premium of the insurance is higher if you are older
- There is a chance that you will not be able to purchase aged care insurance if you have difficulties with one or more activities of daily living (such as bathing, eating, and dressing)

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With regular premium payments, you may not get your payments back or receive any benefits if you surrender your insurance by discontinuing payment of the regular premiums

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are you intending to	retire before a	age 65?							
○ Yes									
O No									
○ Do not know									
Which of the followin	ıg statements	best describes	your thoughts a	bout the finan	cial aspects of	retirement?			
O I've not thought	about what sav	rings I will need f	or retirement						
O I've checked out	t my current sa	vings position an	d started to think	about what I w	ill need for retire	nent			
O l've a firm idea d	of what I need f	or retirement and	d I'm not on track	to reach my sa	vings goal				
○ I've a firm idea of	of what I need f	or retirement and	d I'm on track to r	each my saving	js goal				
or many household etired), or what you	s, overall sper	nding changes o are (if not retire	dramatically upo ed)	on retirement.	Please indicate	below what y	our experiend	ce <mark>has be</mark> en (if yo	ou ar
O My household h	ad (or expects	to have) no chan	ige in spending a	t retirement					
 My household h 	as spent (or wi	, Il spend) more af	ter retirement that	n before					
	as spont (or wi	, http://www.international.international	er retirement that	before					
	as spent (or wi								
<	as spent (or wi						_	»	
	as spent (or wi							~~~	
A second of the second of t	nk the questic	ons in this surve	av are?					»	
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Completely clear	nk the questic Clear	ons in this surve	y are? Sometimes confusing	Mostly confusing	Completely confusing			~~	
Image: wight notice and the second of the	nk the questic <u>Mostly</u> <u>Clear</u> 2	ons in this surve	y are?	Mostly confusing 5	Completely confusing 6			»	
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Online Appendix B Other covariates

In Online Appendix B, we describe how we construct covariates that are not reported in the paper.¹

B.1 Measures for utility parameters

The extent to which individuals are willing to purchase insurance against LTC risk is likely to depend on their risk attitudes. Following Dohmen et al. (2011), we measure risk attitudes by asking participants to rate their willingness to take risks (WTR) in the financial context² on a scale from 0 to 10, where 0 indicates not willing to take any risks and 10 indicates fully prepared to take risks.³

We also include a variable *Patience* as a proxy for time preference. Using a similar question to willingness to take risks, participants reported their level of patience on a scale from 0 to 10, with 0 indicating very impatient and 10 indicating very patient.

Recent studies show that the marginal utility of consumption might be health contingent. However, it is not clear whether it is higher or lower in poor health states (Viscusi and Evans, 1990; Finkelstein et al., 2009; Ameriks et al., 2015; Finkelstein et al., 2013). To control for this, we measure the utility of consumption in bad health relative to that in good health using a survey question that is similar to the risk attitude question. We describe two persons – person A who 'prefers to spend as much as possible in good health and as little as possible in bad health' and person B who prefers the opposite. We asked participants to assess whether they are generally like person A or person B, on a scale from 0 (being like person A) to 10 (being like person B). This allows us to create the variable *Utility in bad health* as a proxy for the level of marginal utility of consumption in LTC states relative to non-LTC states.

There is no consensus in the literature about how (non-strategic) bequest motives affect the demand for LTCI. On the one hand, a traditional view is that bequest motives increase the demand for LTCI for two reasons (Pauly, 1990). First, they reduce the attractiveness of spending down wealth to receive means-tested publicly financed care. Second, LTCI reduces the exposure of the level of bequests to the risk of expensive LTC costs. On the other hand, Lockwood (2014) shows that bequest motives decrease

 $^{^{1}}$ Section 3 of the paper describes the construction covariates relating to long-term care risk factors and substitutes for long-term care insurance.

 $^{^{2}}$ In the survey, we also asked risk attitudes in general. The correlation between the two measures of risk attitudes is 0.787. Being a female, older, and poorer relates to a higher risk aversion under both measures. Following Dohmen et al. (2011), we test the ability of both measures in predicting smoking and purchasing private health insurance using a horse race. However, both measures are not significant in predicting smoking and purchasing private health insurance behavior. We choose to use risk attitude in financial context as it relates more closely to our experimental tasks.

³Although the survey questions used to measure risk attitudes are not incentive compatible, earlier studies have shown its behavioral validity in predicting economic decisions in many contexts such as holding stocks and smoking (Dohmen et al., 2011).

the demand for LTCI, because the existence of bequest motives reduces the opportunity costs of holding precautionary savings to self-insure against LTC risk. To measure the strength of bequest motives, we asked participants to rate the chance of leaving a \$100,000 inheritance (*Chance of \$100K bequest*) to their children (i.e., excluding any inheritance to their spouses) on a scale from 0 ('almost no chance') to 10 ('practically certain').⁴

Demand for LTCI is influenced by its product design (Brown and Finkelstein, 2007; Ameriks et al., 2018). Therefore, the demand for the LTC income product may also be influenced by an individual's preference over the type of LTCI. As the LTC income product is an income-indemnity policy, its demand may be lower if an individual prefers an expense-reimbursement policy. To take this into account, we elicited the preferences of participants over these two types of LTCI in Q9 while keeping the costs and benefits of the policies the same. We construct a binary variable *Prefer reimbursement* coded as 1 if expense-reimbursement is preferred by the participant and 0 otherwise.

B.2 Individual capability and knowledge about retirement financial products

Bateman et al. (2018) show that financial literacy, numeracy, and knowledge about retirement financial products are important factors in explaining individuals' choices of retirement benefits. Agnew et al. (2008) find that individuals with high financial literacy are more likely to self-insure against longevity risk in an annuity choice experiment. Our experimental survey uses the standard financial literacy questions (Lusardi and Mitchell, 2009) and numeracy questions (Lipkus et al., 2001). Both measures consist of three questions. We include them in our analysis by constructing the variables *No. of mistakes in N*, the number of mistakes in the financial literacy and numeracy questions, respectively.

To measure knowledge about retirement financial products, we construct a continuous variable *Earnings from recall quiz* to control for participants' understanding of the three products introduced in the survey. In addition, we measure knowledge of commercial financial products in general, as well as specific knowledge of life annuities and LTCI. We create a self-reported variable *General product knowledge* as the number of products the participant reported as having heard of out of ten real world financial products. Another two variables, *Knowledge of life annuity* and *Knowledge of LTCI*, measure the proportion of correct answers to two questions testing the detailed knowledge of commercial life annuity products and LTCI policies respectively. Furthermore, we construct a binary variable *No private health insurance* for

 $^{^{4}}$ Following the HRS, we also asked the chance of leaving any and \$10,000 inheritance in the survey. After an analysis on these three measures, we use the \$100,000 measure because the heterogeneity in the responses is larger.

participants who had not purchased private health insurance. This is to control for the possibility that people who have private health insurance have more knowledge about LTCI.

B.3 Retirement planning

We also include several variables for retirement planning, since people who have actually made financial plans may be subject to the status quo effect (Kahneman et al., 1991), tending to stick with their realworld plans in the experimental tasks. This may reduce the demand for the LTC income product (which is not offered in the real world), while both the life annuity and the investment account are actual and available product choices for retirement benefits.

We create a binary variable *Intend to retire before 65* taking a value of 1 if it was the case for the participant and as 0 otherwise. Another binary variable *Financial planning for retirement* is also included, which is coded as 1 if the participant had given at least some thought about the financial aspects of retirement and as 0 otherwise. A continuous variable *Retirement spending change* is also created to measure the projected percentage change (or the experience of change for retired participants) of consumption upon retirement.

Online Appendix C Other determinants of demand for the LTC income product

Analysis in Section 4 focuses on the influence of LTC risk factors and availability of informal care on the demand for the LTC income product. In this section, we discuss the effects of other categories of covariates. Online Appendix B describes how we construct these covariates. Table C1 in Online Appendix C reports the effects of these variables on the demand for the LTC income product when the level of survival-contingent income is fixed. Table C2 focuses the effects when participants are able to choose the level of survival-contingent income.

Regarding measures of utility parameters, results in Table C1 show that willingness to take risk in a financial context has an inverse-U shape effect on the demand for the LTC income product. This inverse-U shape relationship is found for both the probability of purchasing and the purchased amount of LTC-contingent income. Thus for people with low risk aversion, the less willing they are to take risk the higher their demand for the LTC income product. For people with high risk aversion, the less willing they are to take risk the lower the demand for the LTC income product. The turning point is around 5 on the scale from 0 to 10.

Theory predicts that lower willingness to take risk should lead to a higher demand for insurance, ceteris paribus. However, Clarke (2016) shows theoretically that when insurance benefits are imperfectly correlated with the purchaser's net loss, demand for the insurance is low for very risk averse individuals. This is due to basis risk, the insurance could both worsen the worst possible outcome (suffer a loss without adequate benefits) and improve the best possible outcome (no loss but receive benefits). Giné and Yang (2009) and Cole et al. (2013) find empirical evidence supporting this argument in the market for wealth index insurance, where the insurance benefits depend on a wealth index rather than the actual losses of the purchaser. This is similar to our case: as a flexible LTCI, benefits of the LTC income product depend on the disability status of the insured, rather than the costs of LTC (thus an imperfect correlation).

However, when individuals are able to choose the amount of survival-contingent income (Table C2), we find willingness to take risk does not explain the preferences for LTC-contingent income against survival-contingent income. The likely reason for this is that the demand for the LTC income product is measured relative to the demand for life annuities which is also affected by willingness to take risk. In this case, the reasons for the inverse-U shape relationship do not hold.

We also find that utility in bad health does not affect the demand for the LTC income product.

Moreover, we find that strength of bequest motives significantly reduces the probability of purchasing the LTC income product and has a negative (but not significant) impact on the purchased amount of LTCcontingent income. Note that despite statistical significance, the variable is not economically significant. The estimated average partial effect of the bequest motive suggests that a one percentage point increase in the chance of leaving a \$100,000 bequest decreases the chance of purchasing LTCI by less than 0.1 percentage point. Consistent with Brown and Finkelstein (2007); Ameriks et al. (2018), we also find a strong negative impact of preferring an expense-reimbursement LTCI on the demand for the LTC income product, suggesting that demand for LTCI is influenced by its product design. This is not apparent in the preferences for LTC-contingent income against survival-contingent income, because the negative impact of preferring an expense-reimbursement LTCI also reduces the demand for life annuities (as they are also an income product).

We observe that in general participants with better financial literacy, numeracy, and knowledge about retirement financial products have a lower demand for the LTC income product. This implies that they are more capable and likely to self-insure against LTC risk using the investment account, which is consistent with the finding in Agnew et al. (2008). The most important factors are numeracy and recall quiz earnings, which show a significant and negative impact on the demand for the LTC income product in both Tables C1 and C2. These factors are also found to be the important factors in explaining individuals' choices of retirement benefits in Bateman et al. (2018). Finally, we find retirement planning has little impact on the demand for the LTC income product.

Table C1: Determinants of demand for the LTC income product given income streams (full results)

The table reports the estimates of average partial effects for Equation (1) in columns (1), (2), and (3), and for Equation (3) in columns (4), (5), and (6). The data for estimation is from Q1-Q4 in the survey. The dependent variable for columns (1), (2), and (3) is a binary variable that equals 1 if a participant purchased the LTC income product and 0 otherwise. The dependent variable for columns (4), (5), and (6) is the natural logarithm of the amount of annual LTC-contingent income for those who purchased the LTC income product. A selected part of results in this table is reported in the paper (See Table 7). An estimated coefficient of $+\infty$ indicates that the associated independent variables perfectly predicts the purchase of the LTC income product. Robust standard errors (Huber-White) are shown in parentheses. Stars of σ_{ν} indicate significance of the random effects, which is derived from likelihood ratio test (for column (1) (2) (3)) and Breusch and Pagan Lagrangian multiplier test (for column (4) (5) (6)). *, **, and *** indicate significance at 10, 5, and 1 percent level, respectively.

Dependent variable:	Purchase LTC income product			Log (annual LTC-contingent income)		
	$\begin{array}{c} \text{Sample} \\ (1) \end{array}$		$\begin{array}{c} \text{Female} \\ (3) \end{array}$	Sample (4)		$\stackrel{\text{Female}}{(6)}$
Objective measures of exposure to LTC risk						
Female	0.001			-0.459***		
٨	(0.008)	0.001	0.000	(0.077)	0.010	0.010
Age	-0.000	(0.001)	(0.000)	-0.013	-0.018	-0.018
Health state: base case — 1	(0.001)	(0.005)	(0.002)	(0.015)	(0.018)	(0.018)
$\frac{11}{2}$	-0.007	-0.067	0.028*	0.073	0.134	0.077
-	(0.018)	(0.055)	(0.016)	(0.133)	(0.163)	(0.198)
3	0.001	-0.015	0.017	0.005'	0.021'	-0.040
	(0.010)	(0.023)	(0.017)	(0.095)	(0.115)	(0.158)
4	0.003	0.001	0.012	0.122	-0.040	0.434***
	(0.011)	(0.023)	(0.023)	(0.111)	(0.155)	(0.157)
Current smoker	-0.006	(0.003)	-0.014	-0.297^{***}	-0.206	-0.423^{**}
Pagained anno	(0.011)	(0.025)	(0.019)	(0.105) 0.142	(0.129)	(0.170)
Received care	(0.012)	(0.062)	(0.021)	(0.142)	(0.201)	(0.299)
Subjective indicators of erposure to LTC risk	(0.023)	(0.002)	(0.013)	(0.144)	(0.201)	(0.132)
Subjective life expectancy	-0.001	-0.002*	-0.000	0.004	0.009^{*}	-0.004
r	(0.000)	(0.001)	(0.001)	(0.004)	(0.005)	(0.007)
Chance of needing homecare: base case $=$ ave	erage		()	· · · ·		× /
Lower than the average	0.007	-0.004	0.009	-0.032	0.003	-0.130
III when the states are set	(0.011)	(0.023)	(0.022)	(0.104)	(0.131)	(0.185)
Higher than the average	(0.019)	(0.109)	(0.010)	-0.205	-0.121	-0.101
Chance of needing residential care: base case	= average	(0.107)	(0.030)	(0.179)	(0.224)	(0.319)
Lower than the average	-0.025^{*}	-0.056**	-0.015	-0.039	-0.207	0.176
	(0.014)	(0.027)	(0.025)	(0.101)	(0.129)	(0.177)
Higher than the average	0.015**	$+\infty^{***}$	0.026**	0.441***	0.465**	0.097
0 0	(0.006)	(n.a)	(0.012)	(0.169)	(0.188)	(0.339)
Awareness of LTC risk			· · · ·		· /	
Financial planning for LTC: base case = do r	ot know nee	ds and costs	0.000	0.045***	0.000***	0 10 4
Have set aside money but may need help	0.025^{**}	0.058^{**}	(0.022)	0.245^{***}	0.388^{+++}	(0.194)
Export to rely on government	(0.010)	(0.023) 0.034	(0.015)	(0.082)	(0.113) 0.102	(0.121) 0.127
Expect to rely on government	(0.012)	(0.034)	(0.022)	(0.138)	(0.102)	(0.244)
Care provider	-0.005	0.021	-0.021	-0.077	-0.108	-0.043
care provider	(0.009)	(0.021)	(0.016)	(0.081)	(0.107)	(0.118)
Availability of informal care and home ownersh	hip		()	()		
Source of some (low) care: base case $=$ no inf	formal care	0.010				0.004
Informal care only	-0.002	-0.012	0.006	-0.202*	-0.374**	-0.004
	(0.014)	(0.035)	(0.021)	(0.116)	(0.154)	(0.173)
Informal care and other sources	(0.000)	(0.037)	-0.010	-0.246^{**}	-0.223	-0.181
Source of ortongive (high) cance have and -	(0.012)	(0.027)	(0.023)	(0.115)	(0.103)	(0.108)
Informal care only	0.016	0.059*	-0.011	0.220**	0.208	0.366**
mormal care only	(0.010)	(0.032)	(0.029)	(0.230)	(0.141)	(0.174)
Informal care and other sources	0.012	0.034	0.006	0.265^{***}	0.078	0.411***
	(0.011)	(0.028)	(0.016)	(0.099)	(0.137)	(0.144)
Non-partnered	0.009'	0.043^{*}	0.002	-0.034	-0.035	0.010
-	(0.010)	(0.026)	(0.017)	(0.092)	(0.133)	(0.127)
Number of children	0.001	-0.001	[0.003]	[0.030]	-0.046	0.108^{***}
	(0.003)	(0.007)	(0.005)	(0.025)	(0.036)	(0.034)
Non-homeowner	-0.013	0.015	-0.049*	-0.038	0.060	-0.215
	(0.011)	(0.024)	(0.026)	(0.103)	(0.121)	(0.169)

continued on next page

	Tabl	e C1 - contin	nued			
Dependent variable:	Purchase LTC income product		Log(annual LTC-contingent income)			
	Sample (1)		$\begin{array}{c} \text{Female} \\ (3) \end{array}$	$ \begin{array}{c} \text{Sample} \\ (4) \end{array} $		$\stackrel{\text{Female}}{(6)}$
Measures of utility parameters						
Willingness to take risk (WTR)	0.017^{***}	0.013	0.026^{**}	0.126^{**}	0.056	0.164^{**}
	(0.006)	(0.011)	(0.011)	(0.051)	(0.072)	(0.075)
WTR ²	-0.002**	-0.001	-0.003^{**}	-0.012^{**}	-0.005	-0.015*
Dationag	(0.001)	(0.001)	(0.001)	(0.006)	(0.007)	(0.008)
Fatience	(0.000)	(0.001)	(0.001)	(0.024)	(0.021)	(0.024)
Utility in bad health	-0.001	0.001	-0.002	-0.002	0.018	-0.018
	(0.002)	(0.004)	(0.003)	(0.017)	(0.022)	(0.027)
Chance of \$100K bequest	-0.000**	-0.000	-0.001**	-0.001	0.001	-0.003**
	(0.000)	(0.000)	(0.000)	(0.001)	(0.001)	(0.001)
Prefer reimbursement	-0.018**	-0.021	-0.025^{*}	-0.275^{***}	-0.350^{***}	-0.209^{*}
Individual capability and knowledge about ret	(0.008) irement financi	(0.019)	(0.014)	(0.075)	(0.100)	(0.113)
No. of mistakes in Financial literacy	0.013^{**}	0.016	0.026**	0.115***	0.108*	0.105^{*}
	(0.006)	(0.014)	(0.012)	(0.044)	(0.062)	(0.061)
No. of mistakes in Numeracy	0.011**	0.013	0.012	0.102***	0.083	0.127* [*]
	(0.005)	(0.010)	(0.008)	(0.037)	(0.053)	(0.053)
Earnings from recall quiz	-0.011***	-0.023***	-0.007	-0.083***	-0.065*	-0.107***
Company and duct imperiation	(0.004)	(0.008)	(0.005)	(0.025)	(0.035)	(0.037)
General product knowledge	(0.000°)	(0.013)	(0.004)	(0.007)	(0.003)	(0.011)
Knowledge on life annuity	-0.002	-0.007	-0.000	0.018	0.008	(0.043) 0.058
	(0.003)	(0.008)	(0.006)	(0.030)	(0.041)	(0.047)
Knowledge on LTCI	-0.005*	-Ò.016*´*	-0.000	-0.022	-0.043	-0.024
N N N N N	(0.003)	(0.006)	(0.006)	(0.027)	(0.036)	(0.041)
No private health insurance	(0.004)	(0.000)	(0.007)	(0.035)	(0.037)	-0.007
Retirement nlanning	(0.009)	(0.020)	(0.013)	(0.079)	(0.103)	(0.123)
Intend to retire before 65	-0.000	0.000	-0.000	-0.001	0.000	-0.002
	(0.000)	(0.000)	(0.000)	(0.001)	(0.001)	(0.001)
Financial planning for retirement	-0.008	-0.013	-0.015	-0.075	-0.058	-0.095
Detinent of a line of a sec	(0.011)	(0.025)	(0.019)	(0.090)	(0.118)	(0.140)
Retirement spending change	(0.000)	-0.001	(0.000)	(0.003)	(0.004)	(0.001)
Demographics and other controls	(0.000)	(0.000)	(0.000)	(0.002)	(0.002)	(0.002)
Not born in Australia	0.003	0.007	-0.003	0.027	0.118	-0.056
	(0.008)	(0.020)	(0.015)	(0.083)	(0.120)	(0.118)
Bachelor degree or above	-0.004	(0.026)	-0.030^{*}	-0.040	(0.010)	-0.091
Work status: base case — full time	(0.008)	(0.021)	(0.017)	(0.081)	(0.108)	(0.125)
Part time	0.003	-0.006	0.012	-0.152	-0.062	-0.132
	(0.010)	(0.027)	(0.018)	(0.107)	(0.146)	(0.161)
Unemployed/not in labour force	-0.003	-0.005	-0.003	-0.146	-0.131	-0.044
	(0.010)	(0.023)	(0.020)	(0.100)	(0.128)	(0.159)
Retired	-0.003	-0.018	-0.012	-0.298^{**}	-0.010	-0.483^{***}
Household gross income	(0.014)	(0.038)	(0.027)	(0.128) 0.000	(0.180) 0.001	(0.179)
Household gross meeme	(0.000)	(0.000)	(0.000)	(0.001)	(0.001)	(0.001)
Wealth group: base case $= 1$		· · /	()			
2	0.001	0.011	-0.012	1.120^{***}	1.113***	1.125***
2	(0.011)	(0.027)	(0.023)	(0.100)	(0.136)	(0.151)
3	(0.013)	(0.030)	(0.014)	(0.110)	(0.151)	(0.157)
4	-0.008	-0.009	-0.000	2 371***	2 230***	2 538***
-	(0.014)	(0.035)	(0.022)	(0.123)	(0.166)	(0.179)
Level of Annuitization: base case $= 0\%$		()	()	()	· · ·	
25%	0.001	-0.002	0.006	-0.127***	-0.081***	-0.175***
E007	(0.004)	(0.008)	(0.007)	(0.021)	(0.030)	(0.028)
OU%	-0.006	-0.011	-0.006	-0.420^{+++}	-0.359 ^{****}	-0.49(****
75%	-0.015***	-0.031***	-0.013	(0.020) -1.003***	-0.860***	(0.030 <i>)</i> -1 150***
1070	(0.005)	(0.011)	(0.008)	(0.034)	(0.047)	(0.049)
	4020	1020	1060	9449	1759	1600
N Log likelihood	4032 -983 712	1932 -494 137	1900 -463 635	3443	1793	1090
R^2 (overall)	000.112	10 1.101	100.000	0.508	0.504	0.525
σ_{ν}	2.675^{***}	2.612***	2.462***	1.057***	1.018***	1.086^{***}

Table C2: Determinants of the optimal mix of income streams (full results)

The table reports estimates of coefficients for Equation (4). The data for estimation is from Q6 in the survey. The dependent variable is the ratio of annual LTC-contingent income over annual survival-contingent income. A selected part of results in this table is reported in the paper (See Table 8). Robust standard errors (Huber-White) are shown in parentheses. *, **, and *** indicate significance at 10, 5, and 1 percent level, respectively.

Dependent variable:	LTC-contingen	t income / surviva	al-contingent income
	Sample (1)	Male (2)	Female (3)
Objective measures of exposure to LTC risk			
Female	-1.392^{***}		
Age	(0.432)	-0.121	-0.037
1190	(0.057)	(0.100)	(0.064)
Health state: base case $= 1$			
2	0.091	0.042	0.461
3	(0.584)	(0.999) 0.115	(0.511) -0.377
5	(0.509)	(0.738)	(0.604)
4	0.701	0.564	0.819
	(0.667)	(1.082)	(0.596)
Current smoker	-0.505	-1.498^{**}	(0.359)
Received care	(0.408) -0.449	(0.031) -0.699	-0.283
	(0.760)	(1.141)	(0.544)
Subjective indicators of exposure to LTC risk		0.000	0.010
Subjective life expectancy	0.007	(0.029)	-0.012
Chance of needing homecare: base case $=$ av	(0.010)	(0.020)	(0.027)
Lower than the average	0.251	0.381	-0.299
	(0.468)	(0.748)	(0.457)
Higher than the average	-0.499	(0.921)	-1.946^{**}
Chance of needing residential care: base case	(0.676)	(1.180)	(0.908)
Lower than the average	-0.647	-1.374**	0.301
0	(0.413)	(0.669)	(0.395)
Higher than the average	2.264**	3.188**	0.507
Augmentan of ITC rich	(1.054)	(1.529)	(1.000)
Financial planning for LTC: base case = do I	not know needs	and costs	
Have set aside money but may need help	0.387	0.552	0.433
	(0.336)	(0.594)	(0.396)
Expect to rely on government	-0.334 (0.360)	-0.033 (0.625)	-0.525 (0.403)
Care provider	(0.303) 0.277	-0.285	1.067**
F	(0.382)	(0.615)	(0.453)
Retirement planning	0.000	0.000	0.000
Intend to retire before 65	-0.002	-0.003	-0.003
Availability of informal care and home owners	(0.003) hin	(0.009)	(0.003)
Source of some (low) care: base case = no fa	mily care		
Informal care only	-0.883*	-0.397	-1.385***
Informal care and other courses	(0.496)	(0.912)	(0.483)
informal care and other sources	(0.571)	(1.061)	(0.474)
Source of extensive (high) care: base case $=$	no family care	(1.001)	(0.111)
Informal care only	2.120^{***}	2.312**	1.841***
	(0.595)	(0.982)	(0.711)
Informal care and other sources	(0.507)	-0.437	0.876^{*}
Non-partnered	(0.313) 0.472	(0.939) 0.949	-0.043
Ton participa	(0.457)	(0.809)	(0.379)
Number of children	0.089	0.077	0.094
Non homooren	(0.118)	(0.211)	(0.126)
Non-nomeowner	(0.138)	(0.860)	(0.429)
Measures of utility parameters	(0.001)	(0.000)	(0.120)
Willingness to take risk (WTR)	0.110	0.205	0.246
	(0.200)	(0.325)	(0.280)
WTR ²	-0.013	-0.015	-0.030
Patience	0.023	0.207*	-0.060

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Dependent variable:	LTC-contingen	t income / surviva	l-contingent income
	Sample (1)	Male (2)	Female (3)
Utility in bad health	(0.065) 0.053 (0.105)	(0.109) 0.156 (0.174)	(0.060) -0.053 (0.115)
Chance of \$100K bequest	(0.105) -0.003 (0.005)	(0.174) -0.004 (0.010)	(0.113) -0.004 (0.004)
Prefer reimbursement	(0.003) -0.021 (0.413)	(0.010) 0.313 (0.693)	(0.004) -0.270 (0.382)
Individual capability and knowledge about reti	rement financial 0.260	products 0.280	0.149
No. of mistakes in Numeracy	(0.254) 0.601^{***}	(0.443) 0.675^{**}	(0.290) 0.525^{**}
Earnings from recall quiz	(0.203) - 0.344^{***}	(0.321) -0.648***	$(0.223) \\ -0.088$
General product knowledge	$(0.124) \\ 0.252$	$(0.218) \\ 0.399^*$	$(0.123) \\ 0.016$
Knowledge on life annuity	$(0.158) \\ -0.166$	(0.221) -0.269	(0.210) -0.002
Knowledge on LTCI	$(0.162) \\ -0.139$	$(0.290) \\ -0.175$	(0.155) -0.135
No private health insurance	$(0.115) \\ 0.153 \\ (0.402)$	(0.162) 0.187 (0.611)	(0.152) 0.335 (0.450)
Retirement planning	(0.403)	(0.011)	(0.459)
Financial planning for retirement	(0.002) (0.005) -0.046	(0.009) 0 254	(0.003) -0.297
Retirement spending change	$(0.382) \\ 0.007$	(0.653) 0.005	(0.430) 0.006
Demographics and other controls	(0.010)	(0.015)	(0.011)
Not born in Australia	$\begin{array}{c} 0.590 \\ (0.524) \end{array}$	$\begin{array}{c} 0.800 \\ (0.958) \end{array}$	$\begin{array}{c} 0.253 \\ (0.414) \end{array}$
Bachelor degree or above	(0.190) (0.447)	(0.559) (0.837)	-0.280 (0.450)
Work status: base case = full time Part time	-0.701	-0.596	-0.672
Unemployed/not in labour force	(0.618) -0.896 (0.600)	(1.008) -0.925 (0.005)	(0.792) -0.943 (0.788)
Retired	(0.009) -1.132 (0.602)	(0.903) -0.748 (1.221)	(0.788) -1.633* (0.854)
Household gross income	(0.092) 0.001 (0.005)	(1.221) 0.004 (0.009)	(0.834) -0.003 (0.005)
Wealth group: base case = 1	1.240***	1.402***	0.611*
- 3	(0.271) 2.958^{***}	(0.500) 3.669^{***}	(0.345) 2.222^{***}
4	(0.387) 5.474^{***}	$(0.718) \\ 6.950^{***}$	(0.452) 3.891^{***}
Constant	(0.737) 3.888 (3.407)	$(1.142) \\ 2.630 \\ (5.866)$	(0.838) 3.742 (4.070)
$\frac{N}{R^2}$	1008 0.183	518 0.226	490 0.209

Table C2 – continued

Table C3: Regression of participants' responses to the withdrawal of the LTC income product (full results)

The table reports estimates of coefficients for the Equations (5) and (6). The data for estimation is from Q7 in the survey. The sample includes participants who chose partial annuitization in the presence of the LTC income product in Q7 in the survey. The dependent variables are the choices of participants with respect to their level of annuitization when the LTC income product is no longer offered. Independent variables that are significance at 5% level for at least one column are also reported in the paper (See Table 10). Robust standard errors (Huber-White) are shown in parentheses. *, **, and *** indicate significance at 10, 5, and 1 percent level, respectively.

Base outcome: No change on annuitization	Decrease by 25%	Increase by 25%
-	(1)	(2)
Objective measures of exposure to LTC risk	0.067	0.171
Female	-0.067	-0.171
Arro	(0.290)	(0.321) 0.004
Age	(0.048)	(0.054)
Health state: base case $= 1$	(01010)	(0.00-)
2	0.621	0.413
2	(0.513)	(0.543)
3	-0.000	-0.034
1	(0.509) 1.079**	(0.402) 0.030
4	(0.478)	(0.443)
Current smoker	-0.556	-0.298
	(0.398)	(0.459)
Received care	-0.420	-0.100
~	(0.644)	(0.637)
Subjective indicators of exposure to LTC risk	0.014	0.016
Subjective life expectancy	-0.014	-0.010
Chance of needing homecare: base case $-$ av	(0.010) erage	(0.018)
Lower than the average	-0.454	-0.375
	(0.405)	(0.445)
Higher than the average	[0.935]	[0.817]
	(0.821)	(0.815)
Chance of needing residential care: base case	= average	0 697
Lower than the average	$1.0(4^{-0.0})$	(0.442)
Higher than the average	-0.590	(0.442) 0.523
ingher than the average	(0.881)	(0.849)
Awareness of LTC risk	()	()
Financial planning for LTC: base case $=$ do r	not know needs ε	and costs
Have set aside money but may need help	-0.195	-0.683**
Even act to value on more provided to	(0.284)	(0.317)
Expect to rely on government	(0.580)	(0.023)
Care provider	(0.380) 0.052	(0.042) 0.597*
eare provider	(0.303)	(0.329)
Availability of informal care and home owners	hip	(0.0_0)
Source of some (low) care: base case = no int	formal care	
Informal care only	-0.628	-0.248
	(0.453)	(0.496)
Informal care and other sources	-0.852^{*}	-0.931*
Source of extensive (high) care: base case $-n$	(0.440)	(0.499)
Informal care only	0.247	-0 174
informat care only	(0.451)	(0.515)
Informal care and other sources	0.274	0.298
	(0.357)	(0.410)
Non-partnered	-0.156	[0.355]
	(0.365)	(0.403)
Number of children	(0.123)	(0.100)
Non homeowner	(0.113) 0.452	(0.128)
Ivon-nomeowner	(0.399)	(0.486)
Measures of utility parameters	(0.000)	(0.200)
Willingness to take risk (WTR)	0.014	0.114^{*}
/	(0.053)	(0.060)
Patience	0.025	-0.069
Utility in had health	(0.054) 0.071	(0.060)
	0.071	0.000

continued on next page

	linued	
Base outcome: No change on annuitization	Decrease by 25%	Increase by 25%
	(1)	(2)
	(0.063)	(0.071)
Chance of \$100K bequest	0.004	-0.000
1	(0.004)	(0.004)
Prefer reimbursement	0.260'	-0.547*
	(0.270)	(0.314)
Individual capability and knowledge about retain	irement financial	products
No. of mistakes in Financial literacy	-0.025	0.382^{*}
v	(0.188)	(0.206)
No. of mistakes in Numeracy	`0.096´	`0.001´
·	(0.134)	(0.156)
Earnings from recall quiz	0.047	0.085^{\prime}
с	(0.090)	(0.099)
General product knowledge	0.118	-0.131
	(0.116)	(0.116)
Knowledge on life annuity	-0.154	[0.070]
	(0.118)	(0.129)
Knowledge on LTCI	0.042	0.168
	(0.097)	(0.107)
No private health insurance	-0.547*	-0.031
	(0.306)	(0.337)
Retirement planning		
Intend to retire before 65	-0.002	0.002
	(0.003)	(0.004)
Financial planning for retirement	0.598	1.016^{**}
	(0.406)	(0.516)
Retirement spending change	-0.011*	0.004
	(0.006)	(0.007)
Demographics and other controls	0.000	0.119
Not born in Australia	-0.083	-0.113
	(0.311)	(0.350)
Bachelor degree or above	(0.000)	-0.423
Werk states have seen full time	(0.290)	(0.336)
Work status: base case = full time Part time	0 566	0.556
1 alt time	(0.300)	(0.456)
Unomployed /not in labour force	-0.033	0.450
onempioyed/not in labour lorce	(0.347)	(0.123)
Betired	0.347	-0.082
1001100	(0.213)	(0.549)
Household gross income	0.402	0.049
nousenera gross meeme	(0.002)	(0.003)
Wealth group: base case $= 1$	(0.000)	(0.000)
2	-1.154***	0.317
-	(0.435)	(0.570)
3	-2.818***	-0.092
~	(0.486)	(0.585)
4	-2.533***	-0.065
-	(0.474)	(0.595)
Constant	1.582	-1.420
	(3.066)	(3.498)
37	(0.000)	0.04
<i>N</i> Lon literlitered	-389	.964
Log likelihood	445.	000

Table C3 – continued

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