



Financial Planning for Later Life



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What is Long-Term Care?



- ◆ Definition: Care and services for an individual with a chronic health problem, such as:

- ◆ Assistance in Performing Activities of Daily Living
 - Bathing and Personal Hygiene
 - Contenance
 - Dressing
 - Eating
 - Toileting
 - Transferring

- ◆ Supervision for a Cognitive Impairment to Include:
 - Home Health Care
 - Adult Day Care
 - Assisted Living
 - Nursing Facility
 - Other Supportive Services

“It Will Never Happen to Me”



- ◆ At least 70% of individuals over age 65 will require some long-term care services at some point.¹
- ◆ Over 40% of Americans currently receiving long-term care are between the ages of 18 and 64.²
- ◆ Among adult children in the U.S., 73% said they have neither thought about nor planned for the care of their aging parents or relatives.³

1. U.S. Department of Health and Human Services, National Clearinghouse for LTC Information, www.longtermcare.com, March 26, 2008
2. Federal General Accounting Office
3. Home Instead Senior Care, White Paper, Seniors and the Information Gap, 2009



- ◆ How do we meet our current expenses?
- ◆ What is the lowest level of care that might be needed?
- ◆ What is the highest level of care that might be needed?
- ◆ What financial resources do we have now that could pay for this range of care?
- ◆ What additional resources might we need?

Who *Doesn't* Pay for Long-Term Care?



- ◆ Medical and Health Insurance
- ◆ Disability Insurance
- ◆ Medicare or Medicare Supplements



Funding resources could include:

- ◆ Income from Employment
- ◆ Retirement Plans
- ◆ Savings & Assets
- ◆ Long-Term Care Insurance
- ◆ Reverse Mortgages
- ◆ Life Settlements and Viaticals
- ◆ Medicaid
- ◆ Veterans Benefits



Long-Term Care Insurance Benefits Paid



- ◆ 43% of Home Care
- ◆ 32.9% of Assisted Living Care
- ◆ 24.1% of Nursing Facility Care





Questions to Ask:

- ◆ What is the daily benefit?
- ◆ How long will benefits be paid and is there a maximum lifetime payout?
- ◆ What kinds of care will the policy cover?
- ◆ Are there tax implications for receiving benefits?

Reverse Mortgages



- ◆ A home is the largest asset for most seniors.
- ◆ Helps those 62 and over convert equity in a home into income.
- ◆ **Advantages:** FHA governed program. Social Security benefits are not affected, no income is required to qualify, no monthly payments ever and money received is tax-free. Also, family may retain home.
- ◆ **Cautions:** Eligibility for Medicaid & VA benefits may be affected. Closing costs and service fees can vary. Must pay back loan if in assisted living or nursing home for over a year.



- ◆ A life insurance policy owner sells a policy for a lump sum. This amount is usually less than the death benefit, but more than the cash surrender value.

- ◆ **Some Considerations:**
 - Why am I doing this?
 - Do I still need life insurance protection?
 - Does my State have a list of providers?
 - Is this the best option for my situation?

What is Medicaid?



- ◆ Formed in 1965, Medical coverage typically for low-income citizens and other individuals in need.
- ◆ Eligibility is Based on:
 - Medical Needs
 - Income and Assets
- ◆ Payments are made directly to providers.
- ◆ Can cover long-term care.



When researching facilities, you should ask:

- ◆ Is Medicaid accepted?
- ◆ Is there a waiting list?
- ◆ Do you need to pay privately first?
- ◆ How often are Medicaid beds available?
- ◆ What happens when resources are depleted?

Planning to Use Medicaid?



- ◆ Asset protection is key.
- ◆ Income is only one factor.
- ◆ Spend down with caution.
- ◆ Where to apply:
 - State Medicaid Offices
 - Department of Welfare
 - Departments of Health
 - Care Facility



Veterans Benefits for Long-Term Care



- ◆ VA Aid and Attendance Pension benefits for Veterans and surviving spouses.

- ◆ Eligibility Based on:

- Military Service
- Medical Needs
- Income and Assets



- ◆ 1/3 of all persons over 65 may qualify for these benefits.

Steps for Putting Plans in Place



- ◆ Gather all existing account documents for: checking, savings, brokerage, 401k, 403b, IRA, Roth IRA, annuities, real estate, automobiles, boats, other personal property.
- ◆ Gather all policy documents for: life insurance, long-term care insurance, disability insurance, health insurance, to include Medicare plans and supplements.
- ◆ Determine which legal documents need to be updated or created, such as beneficiary designations or old and out of State created legal documents.
- ◆ Do a Long-Term Care Financial Assessment.
- ◆ Find assistance from senior serving professionals such as: Elder Law Attorneys, Financial Advisors and Daily Money Managers.



- ◆ Questions?
- ◆ Feel free to contact me to discuss these options further.



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