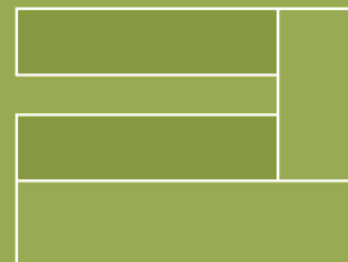


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smart financial decisions



Elder care planning

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The Forum

February 1, 2013

[abacusplanninggroup.com](http://abacusplanninggroup.com)

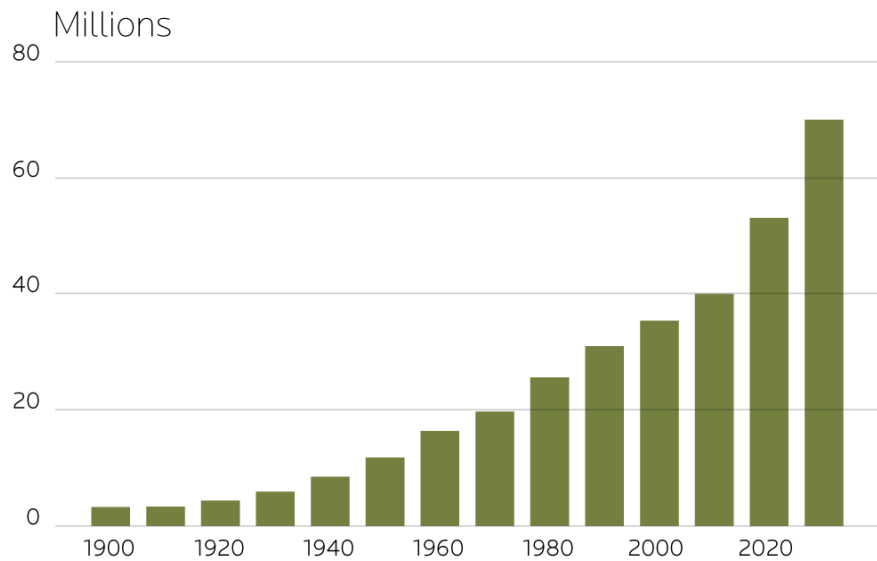


## Agenda

-  Introduction and overview
-  Demographics and cost of care trends
-  Overview of the aging process
-  Elements of successful elder care planning
-  Challenges of elder care planning
-  Long-term care living arrangements
-  Resources



# Demographics of Aging



### US population

13.04% currently over age 65 (2010, est)  
By 2030, approx. 20% will be over age 65

### Gender Ratio

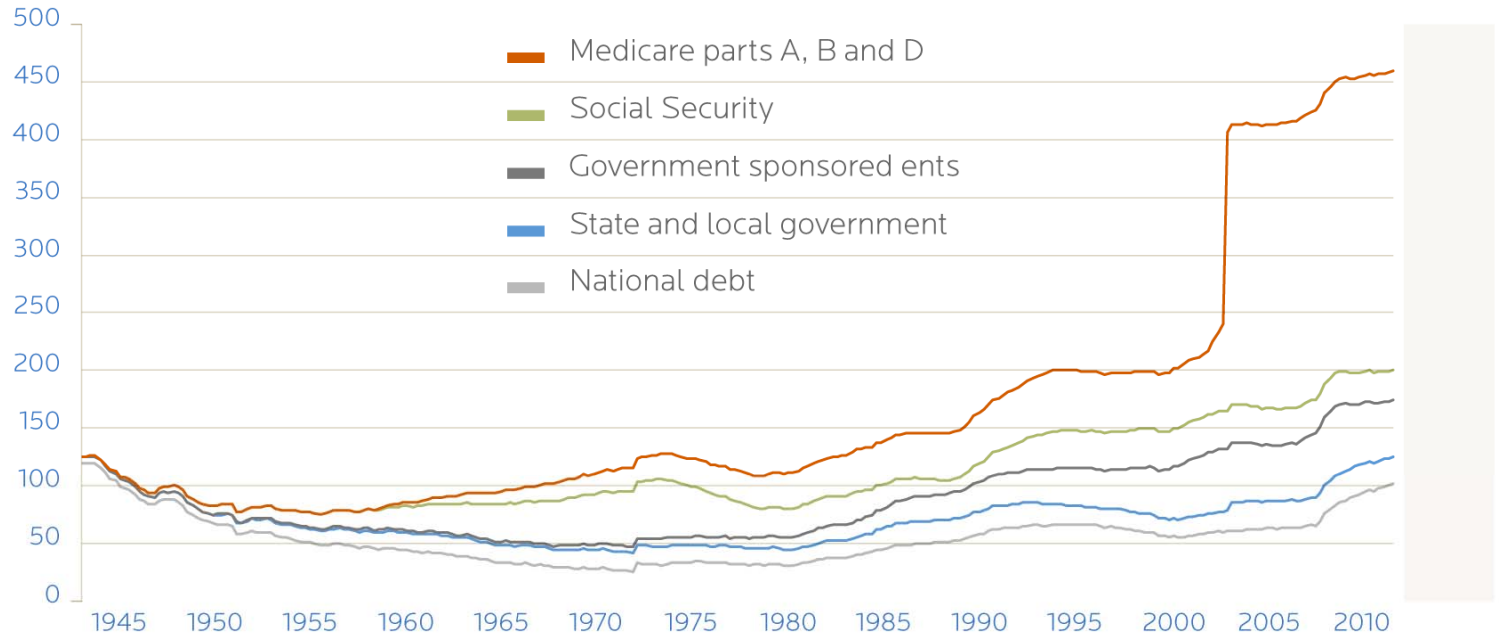
Ages 15–64: 1:1 male : female  
Age 65 and older: 0.76 male/female

Source: US Census Bureau, 2007 est.



# US ECONOMY STRUCTURAL ISSUES UNRESOLVED

Public debt and unfunded obligations, percentage of GDP





## Costs of care

Home Care	Columbia	South Carolina	Nationwide
Homemaker services	\$38,324	\$38,896	\$41,184
Home health aide	\$38,896	\$40,681	\$43,472
<b>Adult Day Care</b>			
Adult Day Health Care	\$14,170	\$13,000	\$15,860
<b>Assisted Living Facility</b>			
Private, one bedroom	\$34,185	\$34,500	\$39,600
<b>Nursing Home Care</b>			
Semi-private room	\$71,540	\$65,700	\$73,000
Private Room	\$81,760	\$71,175	\$81,030

**Median Annual Rates are calculated based on the following:**

*Homemaker Services - hourly rate multiplied by 44 hours per week, multiplied by 52 weeks*

*Home Health Aide Services - hourly rate multiplied by 44 hours per week, multiplied by 52 weeks*

*Adult Day Health Care - daily rate multiplied by 5 days per week, multiplied by 52 weeks*

*Assisted Living Facility - monthly rate multiplied by 12 months*

*Nursing Home - daily rate multiplied by 365 days*

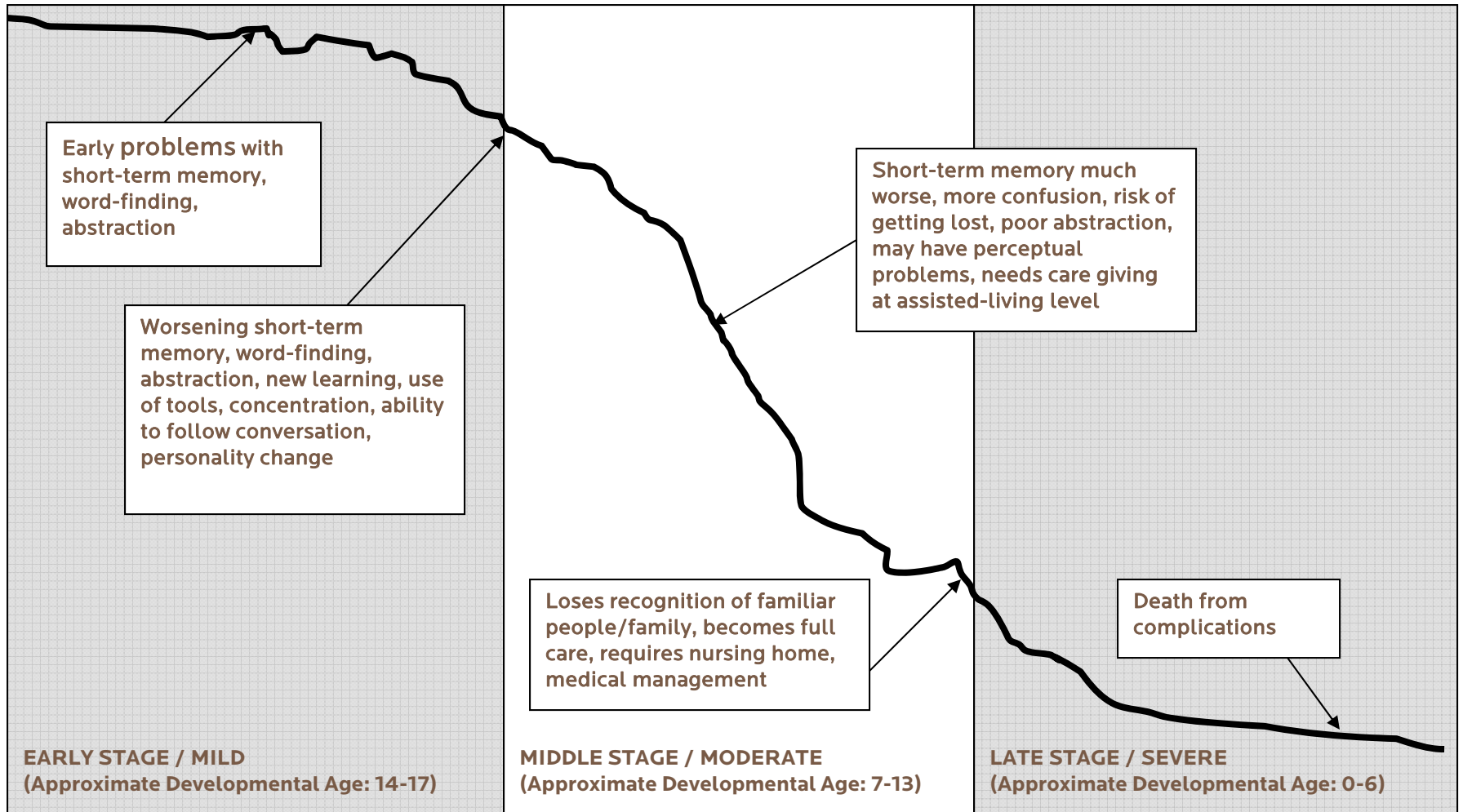


## Signs of declining capacity

- ☰ Forgetfulness
- ☰ Mishandled finances
- ☰ Unusual purchases
- ☰ Physical injuries
- ☰ Behavior changes
- ☰ Change in eating habits
- ☰ Change in social routines



# Common Alzheimer's disease chronology












## Predictive factors for older adults

Positive	Negative
Good genes	...Not so much
Nutrition, exercise, good self-care	Chronic pain, medical noncompliance, multiple meds, mobility impairment, smoking
Spouse, family support	Social isolation
Cognitive clarity and mental stimulation	Dementia, head injury; lack of activities
Lack of addictions	Substance abuse
Financial security	Financial stress
Resilience	Long history of anxiety, depression,
Spirituality	pessimism, personality problems















## Elements of a good elder care plan

-  Healthcare power of attorney
-  Durable power of attorney
-  Last will and testament
-  Revocable trust
-  Long-term health care policy
-  Incapacity authorization
-  HIPAA authorization












## Long Term Care Insurance

-  Daily-monthly benefit
-  Benefit period
-  Elimination period
-  Inflation protection
-  Benefits of health care advocacy for the families
-  Restoration of benefits
-  International coverage
-  Shared care
-  Service vs. calendar day
-  Cash vs. reimbursement



## Potential members of advisory team

-  Attorney
-  Certified Public Accountant
-  Financial advisor
-  Geriatric care worker
-  Physician
-  Family
-  Health care agent
-  Psychiatrist
-  Minister/Priest/Rabbi









## Challenges

- ☰ Independence versus safety
  - ☰ Car keys
  - ☰ Checkbook–
    - ☰ Charity
    - ☰ Phone fraud
    - ☰ QVC
  - ☰ Mail
  - ☰ Finances



## Challenges

-  Logistics—who will manage what?
-  Ethical decisions
-  Spouse or caregiver fatigue
-  Facility selection
-  Hospice
-  Long-term care policy refuses to pay



## How to have the family conversation

- ☰ Set and enforce family meeting guidelines. Explain the importance of managing inner conflict during the meeting.
- ☰ Request individual family member's goals and expectations prior to meeting.
- ☰ Encourage family members to explain their estate plan and long-term care plan goals and values.
- ☰ Check in with attendees individually to confirm their understanding and feelings around their roles and responsibilities (or lack of roles in some cases) in the estate and long-term care planning for family members.

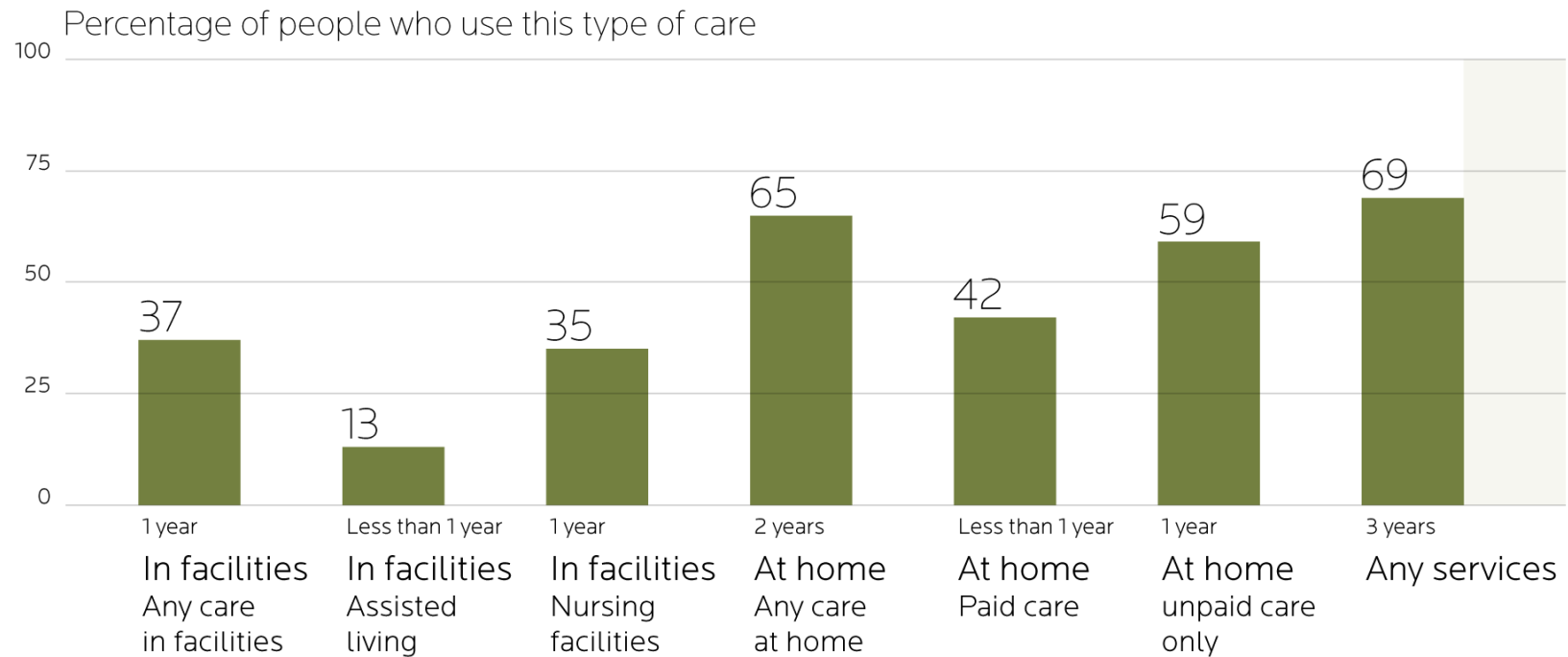


## Decision making framework

Framework	Ranking	Definition
Autonomy	Best option	Autonomy means a person with decisional capacity is allowed to make decisions about what will happen to his or her own body.
Substituted Judgment	Second-best option	Substituted Judgment is used when the person has lost decisional capacity. Someone else will make the decisions based on the patient's values and wishes.
Best Interest Standard	Third-best option	A decision maker and/or the healthcare team, who may or may not know the patient, will make the decision without the benefit of knowing what the patient would want. What would a generic or reasonable person want in this situation?



## Distribution and duration of long-term services



Source: [www.longtermcare.gov](http://www.longtermcare.gov)





## Long-term care living arrangements

### Retirement community options?

- I. Levels of assistance
  1. Independent living quarters
  2. Assisted living facilities
  3. Nursing facilities
  
- I. Contract Options –
  1. Entry fee – different levels of refundable initial fee plus monthly fees for meals and services.
  2. Low/Lo entry fee- less common and tend to be limited in benefits and higher level care options
  3. Ownership – Usually a high end pricing purchase. Ongoing monthly fees for services with optional fees for assisted living or skilled care.



## Long-term care living arrangements

Is living at home an option?

Potential issues -

- I. Physical barriers/safety
- II. Financial implications
- III. Strain on spouse

Solutions -

- I. Hire a geriatric care manager can be hired to determine necessary modifications to home and caregivers that need to be hired.
- II. Determine what expenses long term care insurance will cover and what out of pocket costs can be afforded.
- III. Test drive home care plan. Have a contingency plan that has been carefully discussed and understood.



## Resources – Books and Articles

- ☰ Alderman, Lesley “Deciding on Care for Elderly Parents in Declining Health”  
<http://www.nytimes.com/2010/03/13/health/13patient.html>
- ☰ Kind, Viki. Caregiver’s Path to Compassionate Decision Making
- ☰ Goodman, Ellen “Die the Way You Want To”  
Harvard Business Review Jan.-Feb. 2012:58-59
- ☰ Gunter, Toddi “Why Your Aging Parents Needs a Geriatric Care Manager”  
<http://blogs.reuters.com/reuters-money/2011/04/26/why-your-aging-parent-needs-a-geriatric-care-manager>
- ☰ Klein, Joe “How To Die”  
Time 11 June 2012: 20-25
- ☰ Meiners, Mark and Prescott Cole “Should You Purchase Long-Term-Care Insurance?”  
<http://online.wsj.com/article/SB10001424052702303425504577352031401783756.html>
- ☰ Snelling, Sherri “Home for the Holidays: How To Have the CARE Conversation”  
<http://www.thirdage.com/blogs/home-holidays-how-have-care-conversation>
- ☰ “Who is Swindling Your Elderly Clients?” Journal of Financial Planning Aug. 2011: 12.



## Resources - Websites

- ☰ Benefitscheckup.org *National Council on Aging*
- ☰ Caregiving.org *National Alliance for Care giving*
- ☰ Caremanager.org: *National Association of Geriatric Care Managers*
- ☰ Carf.org: *Commission on Accreditation of Rehabilitation Facilities*
- ☰ Fivewishes.org: *Resource for living wills*
- ☰ Longtermcare.gov: *National Clearinghouse for Long Term Care*
- ☰ National Elder Law Foundation. [www.nelf.org](http://www.nelf.org)
- ☰ American College of Estate and Tax Counsel. [www.actec.org](http://www.actec.org)
- ☰ Retirementcommunity.com: *locator for different types of retirement communities*
- ☰ Theconversationproject.org: *The Conversation Project is dedicated to helping people talk about their wishes for end-of-life care.*
- ☰ AARP.com/relationships/care giving-resource-center: *comprehensive list of Q&A for visiting a retirement community*



# SOCIAL SECURITY SOLUTIONS

## Effects of the Policy Options on the OASDI Trust Fund Actuarial Balance

