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LTC Update

Working with Elder Parents in Planning Financially for their Long Term Care

*Presented By: Vivian P. Gallo, CLU, CSA, AEP, CLTC**

You may be taking care of elderly parents now or looking at that possibility in the near future. According to a report from USATODAY/ABCNews/Gallup Poll, 41% of baby boomers are helping take care of elderly parents by providing personal help or financial assistance or both.

If financial planning and long term care planning have not been done previous to the need for care, the burden falls on the caregiving family member. Decisions about how care will be paid for, who will be responsible for managing the estate as well as how the long term care will be given can cause stress and contention among family members.

It is best for parents and all family members to be involved in planning for future financial needs. The financial resources being used today could change drastically with the occurrence of a stroke, illness or onset of dementia. In order to plan financially for long term care, you need to know what the costs are now and what they will be in the future.

Every year MetLife does a survey of long term care costs. Their 2010 survey shows that the average daily rate for private nursing home is \$229 which is up from \$219 in 2009. Assisted living monthly base rate cost rose to \$3,293 in 2010 from \$3131 in 2009. Home health aides average \$21 an hour.

Planning financial needs can be very difficult, considering you do not know when long term care will be required or how long it will be needed. You can determine what will be needed in certain living situations. Staying in your home for care will require [Professional Home Care assistance](#), travel accommodations to doctor appointments, help with shopping, meals, medical supplies and medication and possibly a 24-hour attendant. Even if a family member is doing most of the care, eventually professional care will be required or a move to a nursing home facility will be necessary.

When evaluating your present income and assets consider how they would work for future needs.

- What are my care options?
- What type of long-term care can I afford?
- Do I have long term care insurance?
- Are there assets I can sell?
- If I stay at home how will I pay for care?
- Do I have to sell the house to pay for other living arrangements?
- Are there other financing alternatives?

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- Do I have life Insurance or the means to pay for a funeral and burial?
- Will my spouse be cared for financially?
- Should I do Medicaid planning?
- Do I have the legal documents that may be needed?

An article by Thomas Day, Director of the [National Care Planning Council](#), titled "Paying the Cost of Care," reviews some of the financial options that can be used.

"Tangible assets that might produce enough income to pay for long term care might include investment property such as rentals, commercially leased property, land, a farm, second home or a business..."

"Some individuals are heavy into real estate and short on cash. If the intent was to cash out of the investment at some future point, then a sale is warranted. But, it seems a shame to sacrifice in early years to establish an investment only to throw it away to long term care. It would make more sense to use income from the investments to buy long term care insurance."

Long term care insurance is one option for paying for care. [Long term care insurance](#) helps pay for the care you need when you can no longer care for yourself. It can protect your family's financial future and your own investments. There are qualifications that need to be met with health and age. This type of insurance is more expensive the older the person and almost impossible to get if age related illness has already occurred.

[Senior Financial Planners](#), [Elder Law Attorneys](#) and [Veteran Benefits Consultants](#) can assist you in evaluating your needs and future planning.

Senior Financial Planners are expert in working with seniors and their families to set up long term care plans. They usually work with an Elder law Attorney and [Care Manager \(Professional\)](#) to give you all options and resources for care.

Elder Law Attorneys help with Medicaid Planning and Asset protection as well as legal documents needed for final requests.

If staying in your home is a desired option, a [Reverse Mortgage](#) can supply the funds to pay for home care.

Another option for veterans who served during a time of war is the [Aid & Attendance Benefit](#). This benefit provides extra income up to \$1,949 to help pay for home care, assisted living and medical costs. It will also pay for widows or widowers of the Veteran. To learn more about qualifications for these benefits contact a [Veteran Benefit Consultant](#) in your area.

Knowing your needs and financial resources is paramount before making any long term care decisions. Working together, both parents and family members can ease the stress and burden of elder care needs.

* Vivian P. Gallo is a CLU (Chartered Life Underwriter), Certified Senior Advisor (CSA), and Accredited Estate Planner, (AEP) and has Certification in Long-Term Care (CLTC). She is a long term care planning specialist. She is not a tax consultant or attorney, however, and cannot provide tax or legal advice. Please consult your accountant, tax preparer or attorney on all tax planning and legal matters.

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