

What You and Your Clients Need to Know about End of Life Issues

By

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Growing old may beat the alternative but it is not without challenges.

How does the person want to be cared for?

Legal Documents and decision making considerations:

- Wills
- Powers of Attorney
- Funeral plans
- Cremation
- Donating body to science
- Financial decisions, health care decisions, pay bills, etc.
- DNR decision

What Long Term Care and residential options exist?

- Home care - aging in place - private duty sitters - around the clock care vs. caretaker who visits a few times a week - "nanny tax" - FICA, Medicare, federal and state unemployment taxes
- Sitter service or private duty sitters - Background check, nanny tax
- Adult day care services
- CCRC's - continuing care and retirement communities (extensive contract, modified contract, fee-for-service contract)
- Independent Living-provides a living arrangement, which integrates shelter and services for seniors who do not need 24-hour protective oversight
- Assisted Living-provides a living arrangement, which integrates shelter and services for frail older persons who are functionally and /or socially impaired and do need 24 hour protective oversight
- Skilled nursing-provides a living arrangement, which integrates shelter with medical, nursing, psychosocial and rehabilitation services for older persons who require 24 hour nursing supervision
- Hospice- a type of care and a philosophy of care that focuses on the palliation of a terminally ill or seriously ill patient's symptoms

How do you pay for the various options?

- Personal resources
- Reverse mortgage -tap into home equity
- Accelerated death benefits if life insurance policy allows for terminally or chronically ill acceleration
- Private health insurance -may cover a limited period of at-home or nursing home care, usually related to a covered illness or injury

- Medicare-covers limited amount of nursing care and home health care, if under physician's treatment
- Medicaid-must be eligible
- Long term care insurance

Who should purchase Long Term Care insurance?

- Assets exceed Medicaid eligibility minimum but insufficient to provide preferred mode of LTC solely from income
- Risk averse
- Spousal impoverishment rule - protect healthy spouse

What is the cost of LTC insurance?

The cost of LTC insurance is determined based on the following:

- age at time of purchase
- daily benefit chosen
- elimination period chosen
- whether there is an inflation factor
- benefit period

How much LTC insurance should one purchase?

- Bridge the gap between available income and anticipated cost
- Enough to protect your assets
- Use your crystal ball?

What triggers the LTC policy benefits?

The ADL or "activity of daily living" is the key trigger for assessing long-term care needs. Assistance with two or more ADL's or a cognitive impairment that requires supervision because of health or safety risks may be necessary in order for the policy to begin payments. There are usually 6 ADL's:

- 1) Eating
- 2) Toileting
- 3) Transferring in and out of bed
- 4) Bathing
- 5) Dressing
- 6) Continence

Is the long term care insurance premium deductible?

You may deduct this amount of your 2012 and 2013 annual premiums:

	2012	2013
<u>AGE</u>	<u>Limit</u>	<u>Limit</u>
Over 70	\$ 4,370	\$4,550
61 to 70	\$ 3,500	\$3,640
51 to 60	\$ 1,310	\$1,360
41 to 50	\$ 660	\$ 680
40 and under	\$ 350	\$ 360

Note that the premiums are medical expenses and subject to the 7.5% (2012)/10% (2013) of AGI floor.

What are some other considerations?

- Abuse, Neglect, Exploitation of the Elderly - physical, sexual, emotional, psychological, financial neglect
- Offender can be family member, loved one, care manager in nursing home, sitter.
- Theft - remove all documents that could allow ID theft, fraud, etc, i.e. tax returns, bank and/or investment account information, credit cards (anything with Social Security Number)
- Check beneficiaries for life insurance policies, retirement plans, IRA's
- Required minimum distributions
- Funeral costs