



Buddylns



It's Your Life

A Planning Guide for Aging on Your Terms

INTRODUCTION

This guide is a resource for planning for the later years of life. Good planning can help make it easier for your family to make decisions to manage your affairs when you no longer have the ability to do so on your own. The pages that follow will guide you through your long-term care plan and help you document the information that your family will need to make decisions for you. The more information you provide, the more that loved ones can ensure your needs and wishes are met.

This is not an exhaustive guide and these are not easy topics. Working through them, however, with the help of this guide, can deliver peace of mind. We also encourage you to use other resources like the [National Institute on Aging](#) for additional information on aging well and planning for end of life care and the [National Alliance for Caregiving](#) for resources and information related to caregiving.

HOW TO USE THIS GUIDE

- *Review the entire guide so you know what to expect*
- *When you are ready to start your plan, focus on one section at a time*
- *Involve your spouse/partner and other close family members, such as adult children*
- *Schedule periodic reviews (e.g., New Years, birthday, anniversary, or other significant days in the year)*

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SECTION I: EXTENDED CARE PLANNING

Planning for your longevity and the associated long-term care, also known as extended care, that is likely to accompany it is important. By extended care, we mean a variety of services designed to meet a person's health or personal care needs during a short or long period of time. These services help people live as independently and safely as possible when they can no longer perform everyday activities on their own due to a chronic impairment, including cognitive impairments like dementia or Alzheimer's disease.

By planning for long-term care, you have the opportunity to help family and other loved ones understand your expectations for the future, ensuring both your needs, and theirs, are met. By delaying or not implementing a plan,

- You could leave those you care about most exposed to the emotional, financial and physical stress that comes from trying to care for a family member needing extended care; and
- Put them in the difficult position of making decisions about your care, without guidance from you.

You've likely heard the phrase, "Knowledge is power"; knowledge can also bring peace of mind to you and your loved ones. Planning and sharing your wishes means you are helping protect your family from unnecessary anxiety and possible financial stress that comes with living a long life.

Where Would I Want to Receive Care? Who Would Provide It?

Not surprisingly, most people envision receiving their care at home. Going to a facility, including Assisted Living, Memory Care or a nursing facility is less desirable, though may be necessary at some point. Your ability to stay at home is dependent on many factors, including the proximity, capability and availability of loved ones and their ability to access professional help.

Think about your situation by answering these questions.

- Are you single, widowed or otherwise on your own?

- Do you have a spouse, partner, family member or other loved one that could help you stay at home?

- Would that person be capable of and healthy enough to provide care? Is that likely to continue well into the future?

- Is family nearby (less than an hour's drive)? Do they have a family of their own? Do they have a career?

- Is family (or other support) more than an hour away? Do they have a family of their own? Do they have a career? Would they have the financial resources to travel and visit often? Who is this person?

On a scale of 1 - 10, how confident are you that this person(s) will be able to support you financially, emotionally and physically, should you need extended care in the future?

1	2	3	4	5	6	7	8	9	10
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How comfortable are you asking them to do so?

Very	Somewhat	Not at all
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Leaving your care decisions to loved ones can have serious and unintended consequences on their ability to maintain their jobs, finances as well as their physical and emotional health. Taking the time now to help ensure a plan can help ensure a better outcome.

What Would Long-Term Care Cost?

The most recent [Genworth Cost of Care Survey](#) estimates the median national monthly cost of extended care (by care type) for today and in 25 years (see chart below). Keep in mind that costs vary widely by state and even city (and "median" means half costs more and half costs less). Please note these figures do not reflect upscale assisted living and nursing facilities.

THE COST OF LONG-TERM CARE		
Care Type	Monthly Cost	Project Cost in 25 Years ¹
Assisted living facility	\$4,500	\$15,000
Adult day health care	\$1,690	\$5,700
Home health aide services	\$5,148 ²	\$16,600
Homemaker services	\$4,957	\$16,000
Nursing home care (semi-private)	\$7,908	\$26,700
Nursing home care (private)	\$9,034	\$30,500

¹ Projected monthly cost in 25 years based on 5% inflation.

² 6 hours per day

The average time a person needs extended care is 2.5 years, and for people who need care for longer than a year, the average is 4.4 years (men, 3.8 years and women, 4.7 years.) Knowing this, the chart indicates the average American would need to find the income to fund an additional

\$5,000 in monthly extended care expenses (per person). It is a big number and should be taken seriously. It can be easy to feel you can access assets to pay for care, but is that really what you want to do? Is it feasible? Putting pen to paper and working with a professional financial advisor can help you confidently answer this question.

Options for Covering the Cost of Care

A. Self-Funding

Early on, when the level of care is relatively low, allocating income, tapping personal savings, a pension or other retirement fund, income from stocks and bonds, or proceeds from the sale of a home can cover the cost of care. Additionally, family and other loved ones can typically step in and provide the care, free of cost.

However, as time goes on and the level of care increases, it may become too much for the family to manage and paid services may be needed, requiring the family to seek out financial assistance.

If you are seriously considering self-funding your care, then you need to be prepared to absorb all the risk for your long-term care costs - no matter how much those costs might be and how long they might last. You will also need to be able to maintain the lifestyle your spouse or partner (and you) have come to expect. As the chart above indicates, that can be a tall order, requiring you to reallocate income and possibly dip into retirement assets that were meant to generate retirement income. And if it is not sufficient, will you need to look to children or other family members for assistance? Is that what you would want?

B. Government Programs

Older adults may be eligible for some government healthcare benefits. There is a significant amount of confusion about how these programs work. It is important to understand they are not entitlement programs and all have strict eligibility criteria.

Medicare is a Federal Government health insurance program that pays some medical costs for people aged 65 and older, and for all people with late-stage kidney failure. It also pays some medical costs for those who have received Social Security Disability Income for 24 months. It does not cover ongoing personal care at home, assisted living, or long-term care.

Some people may qualify for Medicaid, a combined federal and state program for low-income people and families. This program covers the costs of medical care and some types of long-term care for people who have limited income and meet other eligibility requirements. Who is eligible and what services are covered vary from state to state.

There are two criteria for qualifying for Medicaid: medical and financial. Medical qualification is determined by the state, however, generally speaking, a person who needs ongoing support with multiple [Activities of Daily Living](#) or supervision from a cognitive impairment would qualify.

Financial qualification is based on an applicant's assets and income. Generally, assets under \$2,000 and countable income under \$2,523 per month (2022).

C. Leveraging Your Income/Assets

In addition to personal and government funds, there are several private payment options, including long-term care insurance, reverse mortgages, and certain life insurance policies. Which option is best for you depends on many factors, including your age, health status, personal finances, and risk of needing care.

People who do not choose to self-fund the entire risk generally do so because:

- Insurance products can leverage cash and protect retirement portfolios
- There are tax efficiencies to purchasing insurance
- Insurance creates predictability in the long-term care plan - you know what you have rather than learning as you go
- They want to ensure that the money is spent on their long term care

Long-Term Care insurance is specifically designed to help cover the costs of long-term care services. It is also likely to include care coordination services, which can be very helpful for developing a plan of care and identifying long-term care services and supports. The cost of a plan is based on the type and amount of services covered, the applicant's age, and any optional benefits chosen. If a loved one needing care has long-term care insurance, it will likely cover some or all of their long-term care expenses.

Reverse mortgages do not have long-term care benefits but can free up assets to help pay for care directly or pay long-term care insurance premiums.

Keep in mind that buying long-term care insurance can be a good choice for younger, relatively healthy people at low risk of needing long-term care. Costs go up as people age, have health problems, or want more benefits. Someone who is in poor health or already receiving end-of-life care services will not qualify for long-term care insurance. It must be purchased before the individual is ill or needs care, however, there are other strategies, including life insurance with specific riders that can help cover the cost of long-term care.

SECTION II: ADVANCE DIRECTIVE

To ensure your medical wishes are honored in the event that you are unable to make decisions for yourself, an advance directive is a document that can convey your wishes. Planning can also relieve your loved ones of having to make difficult decisions wondering what you would have wanted.

It is a good idea to speak with those close to you as you are preparing your advance directive. Your advance directive will not be complete until you have shared it with others so they know your wishes. Store the document in a safe and accessible place.

There are several parts to an advanced directive, and it can be created without an attorney. The typical documents that make up an advanced directive are the following.

- *Living will*
- *Power of Attorney*
- *"Do not resuscitate" (DNR) or "Do not intubate" (DNI) orders*
- *Physician orders for life sustaining treatments (POLST)*

There are several online [resources](#) available to help you complete your documents. One state's advance directive does not always work in another state. Some honor advance directives from another state, while others will only honor out-of-state directives if they are similar to their own. And some states provide no guidance. If you spend a significant amount of time in more than one state, the best solution is to complete an advance directive for each of those states. Finally, some states require they be signed by a witness and notarized. Consult an attorney if you have any questions about how to structure your advance directive in your state.

State-specific advance directive forms and instructions can be obtained from your state health department or local Area Agency on Aging, or at the following websites:

- *AARP: aarp.org/advancedirectives*
- *National Healthcare Decisions Day: nhdd.org/state-specific-resources*

SECTION III: WILLS AND TRUSTS

Like advance directives, the requirements for wills and trusts will vary by state and your need for one or the other depends largely upon your assets. Although both documents can transfer assets to heirs, only the trust will bypass the need for probate. That can be advantageous for a swift transfer of larger estates. This section will touch upon the differences between a will and a trust. For further information we suggest you seek the advice of an attorney or other estate planning professional.

What is a Living Trust?

A Living Trust is established during an individual's lifetime and is designed to protect and direct the distribution of their assets after their death.

It avoids probate and facilitates the distribution of an estate through the appointment of a trustee. Generally, establishing a trust can be costly so unless you have substantial assets, it may not be cost effective. Also, establishing a trust does not avoid having to pay estate taxes on the assets.

A trust can be a complex and lengthy process since the individual assets must be added to the trust through a specific process. This requires the expertise of an attorney and other estate planning and tax professionals.

What is a Will?

A simple will, also known as a testamentary will, can be created relatively easily. It is a document that will let your loved ones know how to distribute your assets and personal belongings and can stipulate the care of dependent children when you pass away. In the absence of a will your state's intestacy laws will determine how your assets are distributed and who will care for dependent children.

A will can help ensure your wishes are met.

You have the option to create your own will, and it's prudent to have an attorney assist you. Your will should contain specific language that indicates who created the will and revokes any other previous will and testament and should be signed and witnessed. It's also important to revisit your will annually to ensure it still reflects your wishes. For additional information about wills, contact your attorney or visit sites like [LegalZoom.com](https://www.legalzoom.com) or [Investopedia](https://www.investopedia.com).

SECTION IV: SIMPLIFY ACCOUNT ACCESS - LIST OF IMPORTANT INFORMATION

If you were to become seriously ill, incapacitated or pass away, would your family know how to manage your finances or where to find your important documents? Would they have a clear picture of all your financial accounts? Would your spouse/partner be able to carry on managing the finances without input from the other? Put yourself in your family's shoes. How can you make it as easy as possible for them? Establishing a financial inventory could be very helpful for your loved ones at a very stressful time.

MY FINANCIAL INVENTORY

You likely have a username and password associated with many, if not all, of the accounts you will detail below. For security purposes, we recommend you do not include them in this document. However, they do need to be recorded somewhere and should be kept in a secure location such as a safe.

FINANCIAL INVENTORY	
ASSET ACCOUNTS: CHECKING, SAVINGS, MUTUAL FUNDS, IRA, 401K	
FINANCIAL INSTITUTION	ACCOUNT #
DEBTS: CREDIT CARDS, AUTO LOANS, PERSONAL LOANS, MORTGAGE	
FINANCIAL INSTITUTION	ACCOUNT #

LONG-TERM CARE, LIFE, HEALTH & DENTAL INSURANCE	
COMPANY	POLICY NUMBER
MY SOCIAL MEDIA ACCOUNTS	
PLATFORM	URL
FACEBOOK	
INSTAGRAM	
LINKEDIN	
TIK TOK	
TWITTER	
OTHER	

SECTION V: LIST OF KEY CONTACTS

KEY CONTACTS			
ROLE	NAME	PHONE	EMAIL
ATTORNEY			
BANK CONTACT			
CPA/TAX ADVISOR			
EMPLOYER			
EXECUTOR			
FAITH LEADER			
FAMILY MEMBER			
FAMILY MEMBER			
FAMILY MEMBER			
FINANCIAL PLANNER			
INSURANCE AGENT			
INSURANCE AGENT			
PRIMARY CARE PHYSICIAN			
PRIMARY HOSPITAL			
VETERINARIAN			

NEXT STEPS FOR THIS GUIDE

Notify your loved ones of the existence of this document and share completed sections as you go along. In addition, find a time to meet with them (ideally, in person) so you can explain your thinking, intent and wishes. You may even want to discuss a “Plan B” in case a loved one is not able to fully execute what you have directed.

Finally, provide a copy to your attorney (or other representative) and plan to review it as part of a larger financial annual review. It is likely this will be a fluid document for quite some time as your lifestyle inevitably changes over time.

Completing this document is a gift to yourself and those you care about. Congratulations on finding the discipline and commitment to ensuring your wishes, about difficult subjects, have been well thought out, documented, and communicated.

OTHER RESOURCES

Advance Directives: aarp.org/advancedirectives; nhdd.org/state-specific-resources
Medicare: Call 1-800-633-4227, TTY: 1-877-486-2048, or visit the [Medicare website](#).
Medicaid: Call 1-877-267-2323, TTY: 1-866-226-1819, or visit the [Medicaid website](#). Or, contact your State health department. For a State-by-State list, visit [Medicaid's State Overviews page](#).

[National Alliance for Caregiving](#)

The National Alliance for Caregiving was founded in 1996 when a group of national organizations came together to meet the needs of caregivers in an aging America.

[National Council on Aging](#)

The National Council on Aging, a private group, has a free service called BenefitsCheckUp®. This service can help you find Federal and State benefit programs that may help your family. To learn more about BenefitsCheckUp®, call 1-571-527-3900, or visit [BenefitsCheckUp®](#).

[National Institute on Aging](#)

Established in 1974 to improve health outcomes and well being for older adults, the National Institute on Aging (NIA) is part of the National Institutes on Health. The NIA supports research and disseminates information related to aging.

[State Health Insurance Assistance Program \(SHIP\)](#)

State Health Insurance Assistance Program (SHIP) is a national program offered in each State that provides counseling and assistance to people and their families on Medicare, Medicaid, and Medicare supplemental insurance (Medigap) matters. To contact a SHIP counselor in your State, visit the [SHIP National Technical Assistance Center website](#).

[Veterans Administration](#)

For VA healthcare benefits: Call 1-877-222-8387, or visit the [Veterans Health Administration](#) or the [Veterans Affairs Caregiver Support page](#).

ABOUT THE AUTHORS

The Certification for Long-Term Care (CLTC®) designation was created in 1999 and focuses on the discipline of extended care planning. It provides professionals the critical tools necessary to discuss the subject of longevity and its consequences on their client's family and finances. Students learn how to mitigate these consequences by developing a plan to protect their clients and their families.

BuddyIns bridges the gap between consumers and long-term care planning specialists. Its mission is to use education and technology to make it easier for Americans to plan for their long-term care needs.

Courtesy of Steve Shapiro, CFP®, CLTC®, CPA (inactive)

LTC Santa Cruz

<https://www.LTCsantacruz.com>

steve@ltsantacruz.com

831/588-7418