

INCAPACITY PLANNING



Did you know that research shows that 70% of Americans age 65 and older will need some form of long term care during their lifetime?

Due to the demand and greater average longevity, the costs of long term care can be very high, both economically and in the toll it can take on family caregivers. It is important to be prepared for the risk of incapacity in as many ways as possible. Here is some information that might be helpful as you plan for your future care and that of your loved ones:

While the risk of needing long term care is high, many families have never considered the documents they should have in place to address incapacity or how they would pay for the costs of care when needed. The major considerations for this type of planning include the following:

Options for Paying for Care:



**You Pay for It
(Self Pay)**



**Insurance
Pays For It**



**Government
Pays for It**

Self Paying for Long Term Care Costs

Although the costs of long term care can be quite expensive, paying out of pocket for your own care ensures that you receive the best and most options for the care you would receive. Many financial investments including annuity products and others can stretch savings significantly to pay for more care when earmarked for future long term care costs.

Using Insurance to Pay for Long Term Care Costs

Insurance solutions can specifically address the need to pay for long term care costs. The earlier you consider coverage, the more options you will have in terms of costs and types of insurance solutions available to you. Common insurance solutions include life insurance policies with living benefits or long term care riders, stand-alone long term care insurance policies, and single pay annuity or insurance policies providing long term care benefits.

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Using Government Benefits to Pay for Long Term Care Costs

The federal government provides a variety of programs to assist with medical costs when a person cannot pay for care themselves. These include State administered Medicaid programs, Medicare programs, and programs for Veterans benefits. If you need long term care, your Medicare will only cover 90 days worth of long term care, while the average need for long term care is between 1 to 5 years. In order for State Medicaid or Veteran's Aid and Attendance Benefit programs to pay for care you generally have to spend down all assets in your estate to a minimal value overall. If you plan far enough ahead of time (generally 5 years before care is needed) those assets can be transferred out of your name and into a trust structure to qualify for benefits without reducing the value of assets.

Making Decisions for Care:

- Financial Decisions
- Medical Decisions



Making Financial Decisions for Your Care and Well-being

If you ever find yourself unable to manage day to day decisions or financial assets, even in a short term basis, it will be necessary for someone to be empowered legally to make those decisions. A valid Durable Financial Power of Attorney will allow a person or entity you nominate to manage your assets if you are ever unable to do so for yourself. Without this type of document it would be necessary to get a court appointed conservator or guardian to manage your affairs, which can be a very costly, stressful, and long process. Legal counsel can assist you in preparing your estate plan to include a Durable Financial Power of Attorney to address this risk and avoid court processes in most cases.

Making Medical Decisions for Your Care and Well-Being

The equivalent of a financial power of attorney for healthcare is known by many names depending on your state of residence. Some of these include Health Care Proxy, Advanced Health Care Directive, Living Will, Durable Medical Power of Attorney, etc. in essence, it is a document that empowers a trusted individual or group of individuals to make decisions related to your person and your medical treatment. Without one or more of these documents, it may be necessary for a court to appoint a guardian or conservator to make those decisions, which can take a long time, cost a significant amount of money, and/ or add additional stress on your loved ones. Legal counsel can also assist you in preparing your estate plan to include these types of documents to allow your friends and family to receive medical information and make important medical decisions on your behalf without the need for a court order in most cases.

Also consider:

- Do you have documents in place to help you avoid a Guardianship or Conservatorship proceeding in the case of incapacity?
- Would you be prepared to pay for long term care costs if a member of your family needed it?
- How do you plan to pay for long term care costs if needed?
- Do you need to preserve assets and avoid spend down in order to qualify for Medicaid programs in the future?

If you have questions or are interested in a consultation, feel free to contact our professional network through your financial advisor/ representative

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