

# Long-Term Care Planning



**P**lanning for eventual long-term care (LTC) needs is a big part of planning for one's financial future. Some self-insure through family help and Medicaid. Some self-insure through reliance on their wealth. In the middle are those who will use insurance products to meet this need. Despite their different methods of funding, they all have a common need – a plan.

I want to tell a story of two households and their preparations for the LTC need.

## A DIFFICULT POSITION

A brother and sister have lived together all their lives. They saved well and thought they were self-sufficient. They were each other's attorney-in-fact and first beneficiaries of all assets. They were determined to live independently with each other.

Their plans changed when both turned 90 and developed medical issues. Suddenly, they were no longer thinking about their independence. They needed help. They reached out to a relative out of desperation.

Their health situation indicated that they were no longer able to care for themselves independently. They needed to go into assisted living. Their relative found that most facilities have a waiting list for entry—an av-

erage of three years and one as long as 15 years! But they needed immediate around-the-clock custodial care.

Their estate planning documents were decades out of date and the agents they had tasked to help were no longer living. No one had power of attorney nor a HIPAA authorization to act on their behalf outside of each other!

In order to pay for the care they needed, they had to accompany their relative to visit their financial advisor. The assets they had carefully saved now needed to be sent to them in an income stream. They had just enough... as long as they didn't live much beyond age 100.

Their relative found an opening at an assisted living facility near to them and was able to make arrangements for the move. She coordinated with the caregivers and the movers since the siblings were not able.

Once settled in their new home, the real work

could begin. The relative's goal had been to make them safe. Now, their other siblings had to work on updating the estate planning documents to give them authorization to liquidate real estate, vehicles, and other possessions. It will be a long and difficult process for all involved... and it's only just begun.

## THE PLANNER

A husband and wife in their early 80s looked forward 10 years and real-

ized their life would be different in their 90s. There was a strong likelihood they would no longer want the expense and upkeep of a grand residence, and they may not be up to driving anymore. They researched continuing care communities (CCC) in their area and found one nearby that they liked. They joined the waiting list.

When a condominium in the CCC became available, they quickly made the transition. They downsized their possessions and moved into a new life. They pay one monthly fee, and this will allow them to receive increasing levels of care for the remainder of their lives. Their family comes to visit, not to be caretakers.

## THE MORAL OF THE STORY

Planning for LTC needs is more than simply saving assets to meet expenses. There must be some foresight in choosing where and how to live as well as a process of downsizing assets. What we fail to do on our own behalf will have to be done by someone else... and it likely will not be done as we would have done it ourselves.

Make sure estate planning documents are kept up to date. They are not just for distributing assets after death. They are necessary for dealing with many aspects of life when you are no longer able. The provisions for someone to help are a bit like an insurance policy—you don't know exactly when the time will come but they will be invaluable when it does.

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Patrick Yanke is a Raleigh-based financial advisor. Opinions expressed here are his and not necessarily those of Raymond James. The information is not a complete summary or statement of all data necessary for making an investment decision and does not constitute a recommendation. The above examples are for illustrative purposes only. Individual investor results will vary. Please consult with appropriate professionals for tax and legal issues. [www.yankefinancial.com](http://www.yankefinancial.com).