Main Line Life **Business**

This is a great time to have that talk with loved ones

Last year, two children sued their (now departed) mother's financial advisor. "Mismanagement of her portfolio?" you may be guessing. No. These adult children were awarded the hundreds of thousands of dollars – *their missing inheritance* - that was spent for mom's long term care. They successfully argued that the advisor should have explained the potential financial impact of needing care, and offered 'mom' solutions - other than spending her portfolio down to the last dime. The court agreed. The advisor paid.

Ready or not, a cultural shift has occurred. We are living a long time. Perhaps as with all such major changes, resistance is not unexpected. However, resistance to accepting this new paradigm can be expensive and painful.

Some common rationalizations for failing to plan include:

- Medicare or Medigap coverage pays for long term health care
- The federal or state government will take care of me with Medicaid
- A family member, most likely my daughter, will care for me
- My assets are sufficient to cover the cost of long term care

Medicare coverage is restrictive and very limited. Research indicates that it pays for only about 5% of long term care needs. Medigap policies do *not* include long term care coverage. While opportunities exist for Medicaid planning, the Deficit Reduction Act of 2005 minimized opportunities and addressed many perceived abuses practiced under prior law.

Children – usually a daughter - provide more than 50% of informal care to elderly parents. Families can be torn apart emotionally as these responsibilities are doled out. Efforts to 'save' money, inequitable sharing of the time burden of providing care, and disagreements about what a loved one really needs may result in animosity and resentment.

Recent studies indicate that the stress experienced by caregivers has led to an increase in depression, and premature deaths among healthy spouses who persevere in single-handedly shouldering the burden of care for their beloved partner. As our opening example indicates, the need for care can cost hundreds of thousands of dollars. How willing are any of us to diligently save and save and save – just so we can be reassured that future medical bills will be covered?

Dear readers who have stuck with me despite the emotionally challenging subject, take heart. Sorting out this family issue is about love, actually. Framed correctly, creative decision-making may become somewhat easier. It is only natural that families who love each other will initiate the conversation about long *life* care.

Some good news is that long life care is *not* a synonym for nursing home care. Rather, it includes a broad menu of services such as nursing, social, and rehabilitation, for people who need ongoing assistance. Statistics demonstrate, surprisingly, that it is not just for older people. Forty percent of those receiving care are working adults, ages 18 – 64. Common reasons are: accidents, strokes, AIDS, and multiple sclerosis.

Nationally known Elder Care Attorney Harley Gordon* reports, "Long term care is a continuum of care, housing, and services needed when the aging process …or a chronic disease… begins to exact a toll on our cognitive and physical abilities. It requires, almost exclusively, *custodial* care – not the skilled care provided in nursing homes. Custodial care is defined as assistance with a person's activities of daily living – toileting, bathing, dressing, eating, transferring, and continence – or supervision necessitated by a severe cognitive impairment." Mr. Gordon reassures us, "The chances of ending your days in a nursing home are minimal. But please don't confuse that with getting old and needing long term care."

Promise yourself to begin the long *life* care financial security conversation with your loved ones. Withholding any judgment or pre-conceived notions about 'correct' answers, a great starter is, "What's important about financial security, to *you*?" Every individual's response to this will vary. Those variations may form the decision-making framework that guides your family to make the very best decisions.

Feel free to e-mail me with specific questions, or, if this issue seems "too hot to handle" on your own. While gearing up your courage, run the Beatle's famous song through your mind, *All you need is love, love. Love is all you need!*

*Journal of Financial Planning, August, 2005, by Harley Gordon.

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