

Retirement Connection



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Planning future care for senior family members

It can be hard to think about—much less discuss—the realities of aging and how to provide care for senior family members who someday will no longer be able to care for themselves. But it's an important conversation: Research shows that most people over age 65 will need caregiving services at some point.

It's far better to plan for elder caregiving long in advance of actually needing it. This will give you time to thoroughly research options, discuss your loved ones' wishes and concerns and put the right strategies and protections in place.

I typically recommend that caregiving planning start by the time someone turns age 60, or sooner if a major health problem arises. That will give you plenty of time to prepare both financially and logistically. Moreover, it helps ensure that the family member whose future needs are being planned for can be actively involved in the planning.

Here's a look at elder care planning topics:

Long-term care

One key decision that needs to be made is where long-term care will be provided, if it becomes necessary. Some families prefer to keep senior members in their homes as long as possible or move them into an adult child's home for care. Realistically, however, nearly 70 percent of Americans age 65 and older today will need long-term care services at some point.¹

And that's a significant cost. According to a 2017 survey by Genworth Financial.²

- Average price nationwide of a private room in a nursing home today is nearly \$97,500 per year.
- Assisted-living center averages about \$45,000 per year.
- A home health aide costs nearly \$50,000 a year.

These prices have been rising faster than inflation, so odds are good they will cost even more 10, 20 or 30 years into the future.

Once you determine how long-term care will be provided, next is figuring out how to pay for it. A Foresters Financial Representative can develop projections and show you how much money should be set aside for long-term care, as well as explain your options for covering that potential cost. Those options may include setting aside the money for care in a separate account designed to generate returns that outpace inflation, getting an annuity to provide guaranteed income stream to cover the cost of care in later years or possibly buying long-term care insurance to protect against the risk of depleting savings in order to pay for care.

¹ US. Department of Health and Human Services. LongTermCare.com.

² Compare Long Term Care Costs Across the United States.
<https://www.genworth.com/aging-and-you/finances/cost-of-care.html>

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For senior family members with a low income, you may need to consider government assistance programs such as Medicaid. However, keep in mind that Medicaid benefit programs vary by state, so it's important to know the rules in the state where your loved one resides.

Legal protections & advanced care directives

Certain legal documents can protect a loved one financially to ensure their health care wishes are followed.

Designating a durable power of attorney, for example, gives another person the right to act on someone's behalf should he or she become mentally and/or physically incapacitated. For example, a mother can appoint her daughter power of attorney so that if she becomes unable to manage her own finances, the daughter can manage them for her.

Advanced care directives are also important documents. They allow people to make future health care decisions for themselves should they become incapacitated. A living will lays out what level of support someone wishes to receive should they need it. A health care power of attorney involves appointing a trusted person to make health care decisions on their behalf.

Again, it's important to create these documents before someone may actually need them. Some people set up advanced care directives in their 30s and 40s, just in case. Once these legal documents are developed, they should be kept in a safe, easy to find place. Give them to an attorney or a trusted family member for safekeeping.

Scam protection

Financial scams are increasingly targeting elderly Americans, according to the U.S. Department of Justice. These can be emails informing someone they've won a big prize, owe the IRS for back payments or they can be phone calls encouraging someone to buy something—all of which require someone to hand over personal information.

For this reason, it's good to educate senior family members on how to protect themselves.

Some easy steps include submitting their phone number(s) to the [National Do Not Call Registry](#) or putting together an easy-to-read list of steps such as:

- Never giving out any financial or personal information over the phone or internet.
- Notifying a family member whenever they think they've received a fraudulent call or email.

If someone seems like they've reached a point where they can no longer ward off potential fraud or their financial affairs seem to be falling into disarray, it may be worth monitoring their bank account for any unusual transactions. Or it might be time to enact the power of attorney so the designated person can start managing their finances.

Starting the conversation

Broaching the topic of planning for future caregiving needs is not always easy—as many people naturally shy away from those conversations. Here are some tips for making it easier:

Plan it around a special event. Organize a dinner or family gathering and have the conversation before or after that event. This will help everyone relax.

Be direct. Let your loved one know that it's important to discuss their future care needs and that you want them involved in the planning.

Ask questions. Ask your loved one some basic questions about their future care wishes and concerns and whether they have made any preparations on their own. Prepare a list in advance so you don't miss a key question.

End on an upbeat note. Thank them for talking with you and let them know that you're working toward a plan for the future that everyone feels good about. Tell them the next steps—whether that's meeting with an advisor or having another conversation.

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Getting organized

Planning for a loved one's future care shouldn't be a one-time conversation. It should start early—well before it's actually needed—and plans should be reviewed at least every few years.

It's important to enlist the help of a financial professional who can guide you through the key topics involved with planning, develop financial calculations and design a financial plan that addresses your needs.

At Foresters Financial, we take a holistic approach in helping our clients make plans for future caregiving needs. Our professionals will work closely with you to guide you through your concerns so you feel ready for whatever the future brings.

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