



PLAN FOR LONGEVITY

a consumer guide for ensuring lifestyles
and insuring retirement assets



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**3 THE SANDWICH
GENERATION**

5 CAREGIVING

6 PLANNING FACTORS

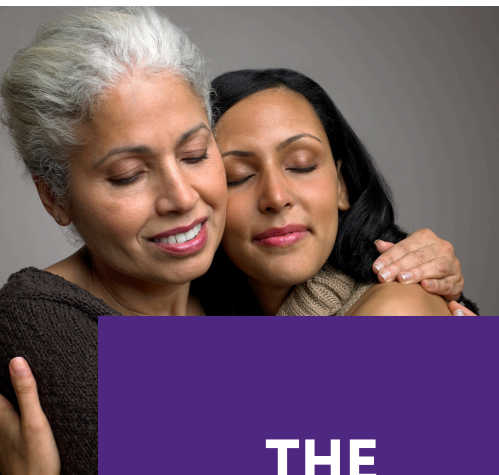
9 FUNDING OPTIONS
self-funding, reverse mortgages, Medicaid,
Veteran's Aid & Attendance

11 INSURANCE OPTIONS
Traditional LTCI, Hybrid LTCI, Life
Insurance with living benefits,
Annuities, Short-Term Care

13 HOME HEALTH SERVICE PLANS

15 FINAL THOUGHTS

16 PLANNING CHECKLIST



THE SANDWICH GENERATION

The term “Sandwich Generation” is used to describe people who find themselves shouldering responsibilities for both aging parents and dependent children. This situation has become increasingly frequent as more people start families later and life expectancies increase. Balancing these responsibilities along with managing a career creates emotional, physical and financial stress. Caregiving has

societal consequences as well as personal ones.

Most people plan for retirement without seriously considering the impact of longevity. Post-retirement income needs are not static. Just as the needs of 35 year olds differ from those of 65 year olds, 65 year olds have different needs than those age 95.

Amanda's Dilemma

A Sandwich Generation Perspective

"There are only four kinds of people in the world: those who have been caregivers, those who are currently caregivers, those who will be caregivers, and those who will need caregivers."

Rosalynn Carter, former First Lady of the United States
August 5, 2012



CAREGIVING

MIT AGE LAB

[CLICK HERE](#)

Time spent caregiving

30.8 hours per week Average time spent **providing care directly**

2.8 hours per week Average time spent searching for **resources & info**



Caregiving support

3 caregivers are **the only caregiver** for their care recipient

Others get help from family, friend, and/or service providers



Only **4** are in a **caregiver support group**

Caregiving jobs

Number of caregivers in study helping their care recipient with the following tasks



Realistic planning for longevity is the loving thing to do for the sake of the entire family, young and old.

Most people are optimistic. Who doesn't want to live a long life? They also know that lifestyle choices such as healthy eating and exercise contribute to longevity even if they do not

always adhere to smart choices.









The irony is that the longer the life the greater the chance of developing a chronic health condition that will require reliance on others.

It is rare to encounter people in their 90's who are as physically and cognitively fit as a 65 year old.

According to the Centers for Medicare & Medicaid Services, the elderly comprise the smallest segment of our population, 15%, while consuming more than 34% of healthcare costs. Statistics reflect professional services, hospitalizations and medications that are covered by Medicare, Medicaid and private insurance.

PLANNING FACTORS

Services not included in Cost-of-Care Surveys

-  Food Delivery
-  Dog Walking
-  Bill Paying
-  Snow Removal
-  Drug Mgt.
-  House Cleaning
-  Care Mgt.
-  Adaptive Devices

These statistics do not include costs the elderly incur for chronic care not performed by skilled professionals. Physical assistance and normal activities of daily living like bathing and dressing are not part of these calculations. People who plan to age in place in their own homes also need to consider the cost of having others perform tasks they once routinely did themselves: paying bills, food shopping, medication management, walking the dog or getting to medical appointments. So while a stroke patient's Medicare will pay for hospitalization, doctor fees and other professional services like physical, occupational or speech therapy, the patient who needs ongoing help with the normal activities of daily life will have to find other resources.

Support services needed by the chronically ill or aged may be performed by family and friends. That is not to say there is no cost for services proved by informal caregivers. It means the cost is shifted to loved ones in the form of lost wages, lower contributions to retirement plans, less time spent with their families and a huge amount of stress.

Planning for longevity means having a plan that acknowledges that post-retirement years have different phases and different needs. Needs increase with age as do costs. A good plan must include the possibility of losing independence and its implications.

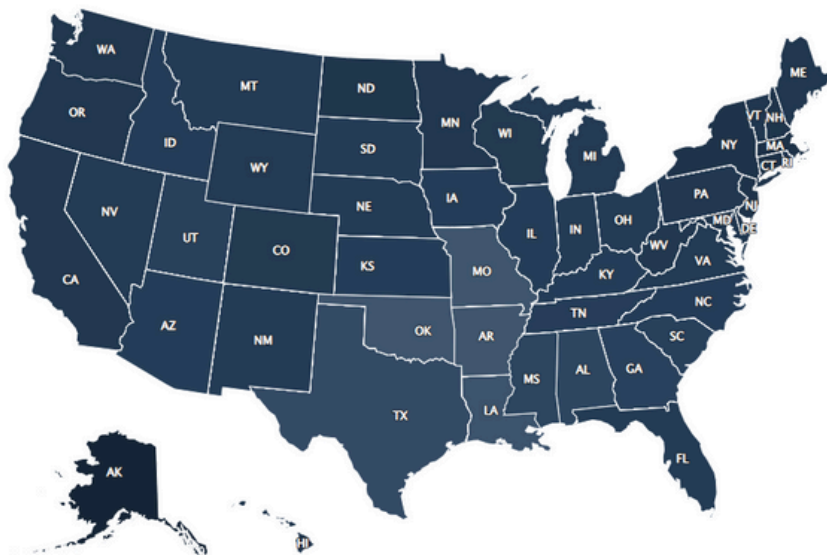
PLANNING FACTORS

Planning for longevity also has to be a collaborative effort as it requires buy-in from those upon whom you wish to designate as having financial and health care oversight. No matter how loving a family, choosing others to provide future care can't be done without a frank discussion of the implications upon their lifestyles as well as yours.



Understanding what caregiving might actually entail may lead to an uncomfortable discussion but it is far better than leaving loved ones totally unprepared when an emergency arises. For practical and economic reasons, many families choose to combine paid caregiving with informal caregiving,... that which is provided by family or friends.

Whether your plan is to age in your own home or move to a residence where there are services and socialization, you need to have some familiarity with the associated costs. Unfortunately, the many online cost-of-care calculators only provide average hourly costs for home-health aides or average room and board costs at Assisted Living Facilities. (ALFs)



PLANNING FACTORS

When asked, most people will say they would like to age in their own surroundings. However, that could be more expensive than moving to a residence where services are provided unless family or friends can take on a good many of the tasks.

When comparing the costs of aging in place to the cost of senior living communities, be aware that the cost of assisted living rises with the level of care required. Most online estimates only account for room and board..

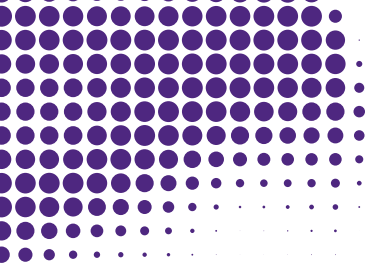


The online cost-of-care calculator provided by Nationwide Insurance is better than most because in addition to projecting future average costs-of-care, it allows the user to customize assumptions regarding the amount of care that may be needed.

Typically the cost estimates are based upon 40 hours of care per week from a home health aide. Someone needing help dressing and bathing would need help with other tasks as well. The number of hours of direct care plus hours needed for providing other services can vary dramatically depending upon individual needs. A cost of \$6,000/month would not be an unusual cost for a moderate amount of home at home.

Planning on moving in with the kids?

- PRIVACY? - YOURS & THEIRS
- ACCESSABILITY? SAFETY?
- NECESSARY RENOVATIONS?
- RENOVATION COSTS WHOSE EXPENSE?
- TIME NEEDED TO COMPLETE RENOVATIONS?
- IMPACT UPON EXTENDED FAMILY RELATIONSHIPS?



We have established that the longer the life the greater the chance there will be a need for care. How much care might be needed for any individual is an unknown, but that doesn't mean you can't mitigate the impact on your lifestyle or the lifestyles of your loved ones.

The majority of people in this country either haven't

FUNDING OPTIONS



planned for these expenses or are relying on their families without examining the impact. Others have given this some thought and assume their savings and assets will see them through. Using retirement savings or other hard assets is the most expensive way to cover chronic care expenses. Withdrawals from tax-qualified plans



are subject to income tax. Chronic care cost estimates can range from \$40,000/year to over \$180,000/year for nursing home care. Withdrawals to cover these costs in addition to anticipated living expenses can easily push the account owner into higher tax brackets. Even the affluent will feel the pinch when several years of large withdrawals create a downward spiral of diminished account balances producing less income. Liquidating assets is another option



that often is not well thought out. The value of real estate, collectables and stock portfolios are subject to market conditions. Some assets are not liquid and take time to divest. Transactions can be complex and beyond the ability of the owner to effect when care is needed. They are also liquidation fees to consider.



HOME EQUITY MEDICAID VETERANS' BENEFITS

Another method of covering the costs of chronic care is to tap into the equity in your through the use of a [REVERSE MORTGAGE](#). They have become more and more popular for those who plan to age in place. To qualify you must be over age 62 and own a private home, not a co-op. Condominiums may or may not qualify. It's important to seek the advice of a Reverse Mortgage Specialist. This kind of financing is strictly regulated and one need not be afraid of a bank foreclosure and becoming homeless.

Funds received from a reverse mortgage can also be used to pay for Long Term Care insurance if the home owner qualifies with regard to age and health.



[MEDICAID](#) is sometimes referred to as the insurer of last resort. Medicaid is not free, you must qualify both medically and financially. Of all the states, New York allows the most benefits at home. However, because of economic pressure, New York has recently made medical qualifications more stringent. New York also recently imposed a 30-month lookback for the transfer of assets for care at home when previously there had been none. The 5-year lookback applies to qualifying for nursing home benefits.

For veterans of the Armed Forces and their spouses, a [VETERAN'S AID AND ATTENDANCE PENSION](#) may be available. To be eligible you must meet the criteria in three areas: service-related, medical needs and financial needs.

INSURANCE CHOICES

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Insurance choices are only for those who meet an insurance company's underwriting and age criteria. If your health is not up to the insurance company's underwriting standards, they will not issue you a policy. If you defer applying for insurance, you will find the premiums at the time of issue become more and more expensive and may be beyond what you can afford or choose to pay.

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There are 3 primary ways in which insurance can help defray chronic care costs.:

TRADITIONAL LONG TERM CARE INSURANCE is the most flexible and provides the most insurance for your premium dollar. These policies are pure insurance and do not have a cash value. If you never submit a claim, there is no residual benefit. These policies traditionally grow in value because most people choose to include inflation riders in their policies. They may also be tax-advantaged.

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HYBRID or ASSET BASED policies have guaranteed premiums, limited pay periods and provide a tax-free life insurance benefit if you don't access the benefits for long-term care services. These policies

were originally created for people who own CDs or Money Markets accounts with large balances. Transferring a sum of \$50,000 or more to an asset-based plan can leverage the premium from 2 to 6 times for Long-Term Care benefits.

LIFE INSURANCE WITH LIVING BENEFITS allows those with a need for life insurance to purchase a policy that can benefit the insured if necessary. If the insured needs care before death, he/she can advance the death benefit for his/her own chronic care needs. Since these policies do not have inflation features, they should not be used as the primary funding method for care. They are more likely to be a supplement to the other two types of insurance.

ANNUITIES

Annuities are an insurance product and used as a way to ensure an income stream after age 59 1/2. Annuities often supplement other retirement vehicles like 401(k)s and IRAs. Annuities grow tax-free but distributions are taxed as ordinary income. Annuities with Long Term Care riders are taxed the same way unless the distributions are used for qualified long-term care expenses. In that case, the benefits received are not taxable.

Unlike regular annuities, those with Long Term care riders do require some underwriting. However, it is easier for people with health issues to qualify for these than Long Term Care insurance. While many people buy these annuities with funds from CDs, savings and Money Market accounts others may choose to pay by transferring funds from existing annuities or cash value life insurance that is no longer needed. Transfers from other annuities or life insurance are not taxed and referred to as 1035 exchanges, so named from the IRS code.



Annuities with Long Term Care riders and Short Term Care coverage are not available in all states



SHORT TERM CARE

Some illnesses, injuries or recovery from surgery are temporary in nature but the patients may still need assistance. If the condition is not expected to last 90 days or more benefits from Long Term Care policies will not pay any benefits.

Short Term Care coverage will pay for these situations. Short Term Care may also fill the gap for those who have long waiting or elimination periods in their Long Term Care coverage



DON'T QUALIFY FOR INSURANCE? TWO MORE OPTIONS



**ASK US ABOUT
LIFE SETTLEMENTS**

HOME HEALTH CARE SERVICE PLANS

For those who do not qualify for other funding options, a Home Health Care Service Plan may help defray the cost of home care by several thousand dollars a month.

Service plans provide a predetermined number of care hours at a greatly discounted price. The subscriber or member can choose among different plans for an annual or monthly fee. The difference among the plans is the number of hours being purchased.

These plans are NOT insurance. There is guaranteed acceptance for everyone who is not currently receiving care. Unlike insurance, there is no medical underwriting, no deductibles, no age limits and no claim forms.

Members can access benefits once they have been in the plan for 90 days following enrollment. Members can access benefits with just a phone call

If you have been denied Long-Term Care Insurance coverage due to health history or age limitations or your LTC policy benefits are inadequate, you can still get access to these plans as long as you currently live independently.

PAY PREMIUM OR PAY COSTS?

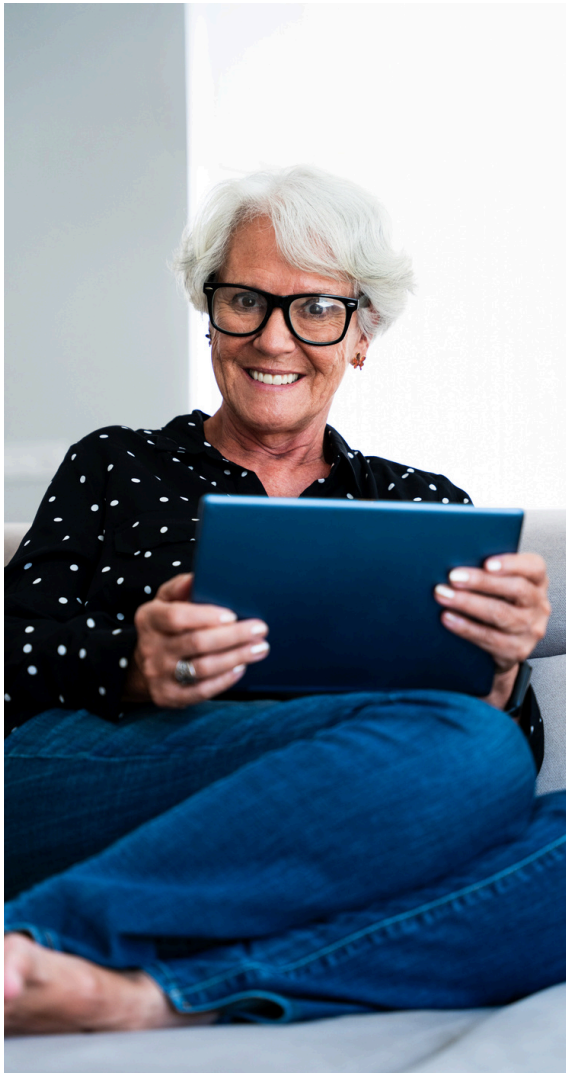
ASSET	SELF PAY	ASSET BASED LONG TERM CARE INSURANCE CONSEQUENCE
CASH / CDS	DOLLAR FOR DOLLAR	2-6 TIMES LEVERAGE
RETIREMENT ACCOUNTS	INCOME TAX	NO INCOME TAX
STOCK PORTFOLIO	CAPITAL GAINS TRANSACTION FEES	NO FEES / NO TAX
ILLIQUID ASSETS	MARKET CONDITIONS TRANSACTION FEES	NO LIQUIDATION COSTS/ NOT SUBJECT TO MARKET CONDITIONS

When you pay premiums and never use the benefit,
you will have lost *just the premiums*.

When you don't pay premiums and need the benefit,
you risk *your entire net worth*.

FINAL THOUGHTS

SHOPPING FOR RATES



Because insurance rates are filed with each state's department of insurance, shopping for insurance based on price can only lead to confusion. If you find differences in quotes for the same amount of insurance from the same company, the policies cannot be the same. There has to be differences in the plan design for which you may not be aware. Producers do not have the ability to "make deals". They do have the ability to tailor the coverage to your needs within certain parameters.

Instead of shopping for a rate, shop for an insurance professional you can trust who will do the shopping for you according to your budget, needs and values.

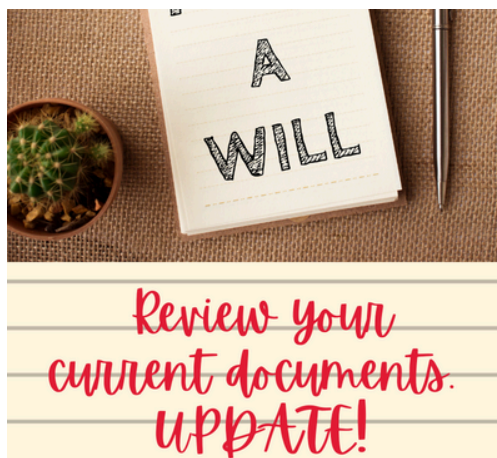
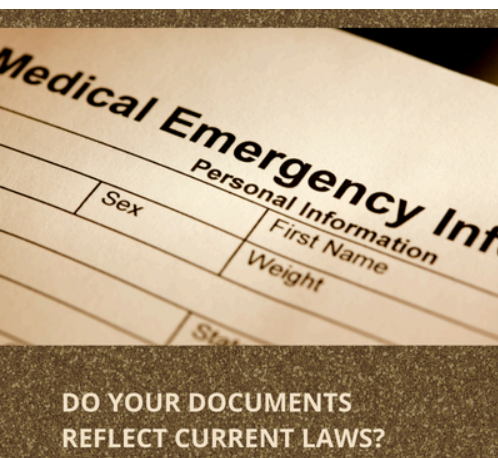
VIEW OUR OTHER CONSUMER GUIDES



A CHECK LIST FOR A BULLET- PROOF PLAN

- ✓ THINK ABOUT YOUR FUTURE LIFESTYLE INCLUDING GEOGRAPHY AND HOUSING.
- ✓ RESEARCH COSTS FOR IN-HOME AND FACILITY CARE.
- ✓ HOW WILL YOU FUND COSTS ABOVE YOUR NORMAL MONTHLY EXPENSES?
- ✓ WHOM WOULD YOU CHOOSE TO OVERSEE YOUR FINANCES?
- ✓ WHO CAN YOU RELY ON TO MAKE MEDICAL DECISIONS IN ACCORDANCE WITH YOUR WISHES IF NECESSARY?
- ✓ INFORM YOUR LOVED ONES OF YOUR DECISIONS!

*MEMORIALIZE YOUR PLAN WITH
A TRUST & ESTATE OR ELDER LAW ATTORNEY*





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”

We create communication materials
that make your message indelible
....like tattoos on the brain

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Benefits & Statistics



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