



---

# But they're my parents

A guide to caring for aging parents

---

# Table of contents

<b>Introduction</b> .....	1	<b>Caregivers: getting the help and support you need</b> .....	11
<b>First steps</b> .....	2	Avoiding caregiver burnout .....	11
Getting involved .....	2	Services for family members who provide care .....	12
Talking with your relative .....	2	Respite care	
<b>Involving your family</b> .....	4	Adult day care	
Holding a family meeting .....	4	Hospice services	
<b>Gathering information</b> .....	5	<b>Housing options for the elderly</b> .....	13
Personal information record .....	5	Whether to move: some considerations	
<b>Community resources</b> .....	7	Financial assistance for homeowners .....	13
Home care or home health services .....	7	Property tax abatement	
Medicare coverage of home care services		Property tax deferral loans	
What to consider when choosing home care or home health services		Home maintenance and repair programs	
Homemaker or chore services .....	8	Fuel assistance programs	
Companionship services .....	9	Home equity conversion plans	
Volunteer companionship services		Home sharing .....	14
Telephone reassurance		Special considerations when deciding to make a housing change .....	15
Emergency response systems .....	9	Taxes	
Nutrition services .....	9	Eligibility for government benefits	
Home-delivered meals		When a housing change is needed .....	16
Community meal programs		Private management apartments with services	
Food stamps		Board and care homes	
Grocery delivery		Congregate housing	
Transportation services		Assisted-living facilities	
Case management or care management services . . .	10	Senior housing	
		Rental subsidy programs	
		Continuing care retirement communities	

This material is not intended to replace the advice of a qualified attorney, tax adviser, investment professional, or insurance agent. Before making any financial commitment regarding the issues discussed here, consult with the appropriate professional.

# Table of contents, continued

Moving closer to family members . . . . .	17
Should the older person live with you? . . . . .	17
Nursing-home care . . . . .	17
When a relative is discharged from a hospital into a nursing home	
Talking about nursing-home care with your older relative	
Paying for nursing-home care	
Skilled nursing care	
Custodial or rest-home care	
Supporting the older person in a nursing home	
<b>Financial matters . . . . .</b>	<b>21</b>
Trusts and gifts	
Acting on behalf of your older relative	
Net worth worksheet	
Power of attorney	
Representative payee	
Guardians and conservators	
<b>Paying for care . . . . .</b>	<b>27</b>
Medicare . . . . .	27
Medicaid . . . . .	27
<b>Planning for health care costs . . . . .</b>	<b>28</b>
An investment strategy to help your older relative manage long-term health care costs	
Long-term-care insurance . . . . .	29
Hospital-stay insurance plans . . . . .	29
Health matters . . . . .	30
Living wills or advance directives	
Medical power of attorney	
People who can help . . . . .	30

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry, no matter how small, should be recorded to ensure the integrity of the financial data. This includes not only sales and purchases but also expenses, income, and any other financial activities. The document provides a detailed list of items that should be tracked, such as dates, amounts, and descriptions of each transaction. It also outlines the proper format for recording these entries, ensuring that they are clear, concise, and easy to read.

The second part of the document focuses on the process of reconciling the records. It explains how to compare the recorded transactions with the actual bank statements and receipts to identify any discrepancies. This process is crucial for detecting errors, such as double entries or missing transactions, and for ensuring that the books are balanced. The document provides step-by-step instructions on how to perform a reconciliation, including how to identify and correct any differences. It also discusses the importance of reviewing the records regularly to catch any issues early on.

The final part of the document discusses the importance of keeping the records secure and accessible. It provides advice on how to store the records, whether in a physical binder or a digital format, and how to protect them from loss or damage. It also discusses the importance of having a backup of the records and how to retrieve them if needed. The document concludes by emphasizing the value of accurate and well-maintained records for making informed financial decisions and for ensuring the long-term success of the business.

# Introduction

Most of us reach a point in life when parents, elderly relatives, or friends begin to require more of our attention and time, and sometimes, our financial support as well.

Caring for or helping manage the finances of an elder can be complicated, and few of us are trained for the many aspects of that care.

That's why it helps to have someone to turn to for answers — or for help with the questions you should be asking other professionals, such as legal, tax, insurance,

or health care practitioners. Your investment professional can be that resource. With MFS Heritage Planning<sup>®</sup> materials such as this guidebook, a familiarity with your financial situation, and a strong conviction that careful planning can itself be an attractive “investment,” your investment professional is well prepared to guide you through the complexities of helping your parents.

Developed by MFS<sup>®</sup>, in cooperation with Ceridian Corporation's LifeWorks

Services, this guide should help you answer some basic questions about eldercare. If you need further assistance, contact your investment professional.

---

Open communication is vitally important.

---

# First steps

**You have just hung up the phone** after talking to your 70-year-old mother. She sounded depressed and confused, but when you asked her if anything was wrong, she said, “No.” She lives 600 miles away.

**Recently, you took time off work** to visit your father. Your mother died last year. When you got to your father’s house, you were shocked to see how thin he had become. There was very little food in the refrigerator, and the house needed a good cleaning.

**After trying to get your aunt on the phone** for three days, you finally called her next-door neighbor. The neighbor told you that your aunt was taken to the hospital by ambulance after a serious fall. You are your aunt’s only living relative.

There may or may not be a single dramatic moment when your relationship with an older relative shifts and you take on a bigger role in his or her care. However these changes begin, your new responsibilities will raise some issues you may not have thought about. You may find it hard to admit that a person you have depended on in the past may now have to rely on you. In turn, the older person may fear becoming dependent and a burden. At times you may disagree about how to do things, or even what to do. And your older relative’s need for independence may conflict with your need to know that he or she is safe and comfortable.

## Getting involved

You and your older relative will both be better off if you get involved before problems develop into crises. Early involvement gives you and your family the time to understand what your older relative needs and wants. It will also give you a head start in identifying the resources you’ll need, some of which might not be available right away. The sooner you act, the better off you’ll be and the more choices you’ll have in the long run.

When you start to notice changes in your older relative’s behavior or health, it is natural to look for quick solutions. But, if the situation is not an emergency, it’s a good idea to take some time, gather information, and pinpoint the problems. As you begin this process, involve the rest of the family. Share your concerns with your older relative and with other family members. Enlist their support in understanding the situation and exploring what steps you might take.

## Talking with your relative

It can be difficult to talk with an older relative about your concerns for his welfare, but it is very important. Think of how hard it would be if you were in your older relative’s place. He may be afraid of losing independence and control. Coping with the loss of a spouse or the death of friends, decreasing abilities, and growing dependence can mean loneliness, frustration, and depression. Your older relative may not believe that, despite limitations, new opportunities are possible. Accepting help is difficult for many people, and this may be an obstacle, too. Some older people, including those who are financially able, may hesitate to spend their money for services they need.

Here are some ideas for discussing important, but difficult, issues with your relative.

- > Listen to your relative at least as much as you talk. It can be easy to fall into the trap of talking too much, especially if you're discussing a difficult topic and feeling a little nervous yourself. Remember, conversation is a two-way street.
  - > Be as positive as possible. Try to make constructive suggestions instead of blameful or negative statements. "Let's try having a housekeeper come to do the heavier work so you can keep things the way you like them," may work better than, "You know you can't keep this place clean anymore."
  - > Remember that your relative still needs to make decisions about his own life. Maintaining someone's sense of independence and dignity may be as important as getting his groceries delivered or making sure he has the right medical care.
  - > Be patient. Allow enough time for your relative to complete his thoughts without interruption. Some older people need extra time to express themselves.
  - > Try to set aside a quiet place to talk, ideally during the time of day when your relative is feeling at his best. From time to time in your conversation, repeat what you think you heard your relative say. This will show that you've been listening and will help you make sure you've understood.
  - > Remember that part of feeling secure is feeling needed. Sometimes it can still help to talk about your own feelings and let your relative offer you some comfort.
  - > If your relative is feeling afraid or anxious, don't try to minimize his fears. Let him know you understand how he is feeling and that you want to help. For instance, you might say, "I see that you are worried, but I'll be right here with you" or "We'll work something out together."
  - > Never argue — no matter how much you may want to! Realize that each of you may have differences in your approach to a problem or in your feelings about it. Try to talk about those differences without criticizing each other.
  - > If your relative resists the help you suggest, recommend that he try it for a limited time — for your sake. Sometimes the older person will do this to assure your "peace of mind." See if a trusted friend or neighbor, especially one who has a similar problem and is already using assistance, can encourage your older relative to try accepting help.
  - > You might talk to your older relative's doctor or a member of the clergy about your concerns. Sometimes a person is more open to advice from a respected figure outside the family.
  - > If you're really having problems discussing something, slow down. Let go of it. Leave it for another day when you aren't angry or upset and you can try to think beyond words and behavior to what your relative is really feeling.
- Remember that people have the right to make poor decisions. You may disagree with something your relative has decided, or you may be frustrated that your relative won't agree to a change, but the final decisions on these matters rest with your relative. Unless your relative is declared legally incompetent, your role is to help, listen, make suggestions, and get your relative needed services and information, not to take control of her life.

# Involving your family

## Holding a family meeting

Your family is one of your most important resources. Keep everyone up to date and involve them when you think it is reasonable and helpful. This may mean involving children, grandchildren, nieces, or nephews, or even close family friends. Talk openly with family members about what they can reasonably offer.

One good way to open up and maintain communication is to hold a family meeting — either by phone or in person. Decide who should be involved and find a time that works for everyone. You might set up a conference call if you can't all get together. Use the meeting as a way to gather ideas to help your older relative and to get family members to agree on roles they might play. Here are some ideas for a productive family meeting:

- > Ask all family members if they have noticed anything about the older relative that concerns them.
- > Ask for suggestions or ideas on how to solve the problems they identify.
- > Talk about the family's resources — who has time, money, or expertise to contribute — and divide tasks and responsibilities.
- > Include your older relative in the meeting if she is able to be a part of the discussion. It can be unpleasant and frightening to know that your problems are being discussed by other people without your contribution.
- > Try to involve family members who live far away, if not in the first meeting, then soon afterward. Ask for their suggestions and explore what they might contribute. This might include financial help, checking in by phone, inviting the older relative for a visit, or coming for a visit.
- > Agree that one person will be the family contact with doctors and others who provide care.
- > Write down the plan you agree on. Give a copy to everyone. Set a date to meet again to see how well the plan is working and to change what is not working.

If you can't agree on how to help your older relative or on what plan of care is most appropriate, try bringing in an objective outsider, such as a social worker or your relative's doctor, to give advice. Professionals can be helpful because they have experience working with older people and their families as well as a thorough knowledge of the resources available in the community.

---

Caring for elders is often called  
“The Great Balancing Act.”

---



# Gathering information

After you have talked through the issues with your family, identified the important problems, and thought about the kinds of help your older relative might need, prepare a summary of basic information. You can use the following worksheet to fill in information as you gather it. Since every situation is different, you may need to include another page with additional information specific to your relative's needs.

## Personal information record

Name \_\_\_\_\_

Address \_\_\_\_\_

Telephone \_\_\_\_\_

Date of birth \_\_\_\_\_

Social Security number \_\_\_\_\_

Medicare number \_\_\_\_\_

Medicaid number (if applicable) \_\_\_\_\_

### Other health insurance:

Insurers \_\_\_\_\_

Policy numbers \_\_\_\_\_

### Primary doctor:

Name \_\_\_\_\_

Address \_\_\_\_\_

Telephone \_\_\_\_\_

### Other doctors:

Name \_\_\_\_\_

Telephone \_\_\_\_\_

Name \_\_\_\_\_

Telephone \_\_\_\_\_

### Clinic or health center used for treatment:

Name \_\_\_\_\_

Address \_\_\_\_\_

Telephone \_\_\_\_\_

Patient ID number \_\_\_\_\_

### Attorney:

Name \_\_\_\_\_

Address \_\_\_\_\_

Telephone \_\_\_\_\_

### Close friends and neighbors:

Name \_\_\_\_\_

Telephone \_\_\_\_\_

Name \_\_\_\_\_

Telephone \_\_\_\_\_

Name \_\_\_\_\_

Telephone \_\_\_\_\_

### Dates to remember:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

### Medications:

(all prescriptions and over-the-counter medicines)

Medicine \_\_\_\_\_

Instructions for use/dosage \_\_\_\_\_

Reason for taking \_\_\_\_\_

Medicine \_\_\_\_\_

Instructions for use/dosage \_\_\_\_\_

Reason for taking \_\_\_\_\_

Medicine \_\_\_\_\_

Instructions for use/dosage \_\_\_\_\_

Reason for taking \_\_\_\_\_

Medicine \_\_\_\_\_

Instructions for use/dosage \_\_\_\_\_

Reason for taking \_\_\_\_\_

Medicine \_\_\_\_\_

Instructions for use/dosage \_\_\_\_\_

Reason for taking \_\_\_\_\_

**Physical impairments:**  
*(hearing or vision impairment, confusion, muscular weakness, etc.)*

Impairment \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Adaptive devices \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dietary requirements: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Other agencies or individuals who provide help:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Special legal arrangements:**  
*(such as wills or trusts, and where documents are stored)*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

# Community resources

Here is a scenario faced by many families today

Your father lives alone in a house that is just a few minutes away. He is becoming increasingly frail and is having more and more difficulty managing basic tasks. You are spending more time at his home, helping him with bathing, laundry, and meal preparation, and your spouse and children have started to complain that they rarely see you. You are feeling overwhelmed as you are pulled in so many different directions.

## You wonder where you can turn for help

Services exist in many communities to help older people and their families, from home health care and delivered meals to services that offer contact and companionship. This section describes many of these services and offers guidance and questions to help you decide which may be appropriate for your family.

## Home care or home health services

Many frail older people can continue to live at home if they get the health care services they need. A range of home health services is available in many communities, including

- > *Nursing caregiver* — offers skilled nursing care; coordinates health care services when other doctors, agencies, or individuals are involved; teaches individuals how to care for themselves; teaches family members how they can care for the older person; plans further care based on the individual's changing needs or physical condition; communicates with doctors about the older person's medical progress
- > *Home health aide* — helps person with bathing, general hygiene, and dressing; may prepare meals and monitor the older person's nutrition; alerts the doctor or nurse if there is a problem
- > *Occupational therapist* — can assess the older person's physical and mental limitations considering conditions at home; recommends changes or adaptations to promote independence in that environment

- > *Physical therapist* — provides therapy to help an older person regain mobility after a serious illness, stroke, or accident; teaches the older person therapeutic exercises and shows family members how to help
- > *Speech therapist* — provides therapy to help the older person regain or improve speech
- > *Nutritionist* — provides nutritional counseling services and may include instructions for preparing meals on a restricted diet
- > *Social worker* — helps with the emotional aspects of illness; helps families access community resources; helps coordinate support services

## Medicare coverage of home care services

Home care or home health services may be covered by Medicare. But Medicare generally limits coverage to care of limited duration. It must also meet the following strict requirements:

- > The older person's doctor must develop a treatment plan or "prescription" for services. The doctor must write orders for each service provided.
- > The home health agency used must be Medicare certified.
- > The care needed by the older person must be considered short term or rehabilitative. This means the older person requires part-time skilled nursing services, physical therapy, speech therapy, or, under certain circumstances, occupational therapy. Medicare will not pay for full-time custodial care at home.
- > The older person must be confined to his or her home.

Home care services not covered by Medicare or other insurance programs are still available if your family is able to pay for them.

### **What to consider when choosing home care or home health services**

Before using a home care or home health agency, find out as much as you can about the agency and its procedures. Compare the prices and services of different agencies, if more than one is available.

As you compare services and ask questions, look for some key indications of service quality. You should expect that

- > people giving care treat the older person with courtesy and respect
- > the plan for care be reviewed and evaluated periodically by supervisors
- > there be a formal process for recording and acting on complaints
- > phone calls be returned in a reasonable time
- > your family, your older relative, and her doctor be kept informed of changes and progress
- > if a home health aide is ill or fails to show up, another person will be sent

In some communities, there are serious shortages of home health care services. There may be waiting lists. If you think that home health services would benefit your relative, it is a good idea to begin exploring options as early as possible.

### **Homemaker or chore services**

Homemaker or chore services help with daily tasks at home, such as shopping, cleaning, cooking, and other household work. In many communities, government-funded agencies or social-service organizations provide these services at little or no cost to older people who meet eligibility criteria. Private businesses also supply

homemakers for hire without these public subsidies, and some homemakers offer these services on their own to customers who are able to pay.

Homemakers are often in short supply, so it's important to plan ahead. You can also contact the local Area Agency on Aging or Visiting Nurse Association, your community's office for elders, or your hospital social-services department for more information about services in your relative's community, including what the cost might be if you pay for the services yourself and what the eligibility guidelines are if you think your relative may qualify for a funded service.

To find an individual who provides homemaker or chore services, you might ask your relative's friends and neighbors if they know of a handyman or a cleaner who might do other chores as well. Some communities have registries of private individuals who do this type of work. If you get names of individuals in this informal way, be sure to ask those giving you the names if they can vouch for the person's work and character. Ask the homemaker for references and follow up on them. If possible, conduct a thorough interview yourself.

If you or your relative will pay the homemaker directly, rather than paying an agency for a homemaker's work, you may have certain legal responsibilities. You may be required to pay Social Security payroll taxes, for example, and to ensure that the homemaker is a U.S. citizen or is eligible to work in the U.S. Once you choose the homemaker, be specific when you describe the work you will need done. For the first months, check regularly with the homemaker and your older relative to make sure everything is working out as expected.

## **Companionship services**

If your relative's activities outside the home are limited, she needn't live in isolation. Here are some services that provide companionship for older people.

### **Volunteer companionship services**

Social-service agencies or church groups sometimes arrange for older volunteers to visit other older people at home. A volunteer can often provide temporary respite for a family member who is caring for an older relative. These volunteer programs, often called "Friendly Visitor" services, are not a substitute for home care, but they can provide important social support.

### **Telephone reassurance**

These services are usually staffed by retired volunteers who make phone calls once a day to homebound older people to offer reassurance, support, and a link with the outside world. Many senior centers, churches, and social-service organizations provide this service. Your relative may want to help others by volunteering to make calls herself.

## **Emergency response system**

These systems enable older people to call for help in the event of a fall or emergency, even when they can't get to a phone. The older person usually wears a small radio transmitting device. When he activates it, a message is transmitted to the local hospital or police station that has on file the older person's name, address, phone number, and a list of people to call in an emergency. Help is sent to the older person's home if he does not respond immediately to a phone call. Some systems are activated automatically if, for example, a fall leaves a person unconscious.

Some communities have several emergency response systems. If you have a choice, compare prices and ask for details about what the services offer. Frequently, these systems are monitored through a local hospital. Check at the hospital with which your older relative is affiliated to see if it offers this service.

## **Nutrition services**

Eating well is essential for older people to stay healthy, but many don't take the time or are not able to prepare nutritious meals for themselves. Services are available through community agencies to help make sure your relative receives high-quality meals.

### **Home-delivered meals**

These services deliver meals either once or twice a day to older people who cannot prepare their own food. Some programs can accommodate special diets and cultural preferences. Not only do the programs assure you that your relative is getting the nutrition she needs, they also offer a daily check to see that your relative is well and able to get to the door for the delivery. Many nutrition programs have a sliding fee based on income, or they may ask for a minimum donation. Organizations that typically offer home-delivered meals include hospitals, senior centers, and churches.

### **Community meal programs**

These programs offer an opportunity for older people to enjoy nutritious meals in group settings. Some meal programs offer transportation and are linked to other programs such as health clinics, arts and crafts, films, and fitness activities. Meals are usually offered in senior centers, churches, and school buildings. Fees are generally low, and some programs ask only for a small donation.

### **Food stamps**

Low-income individuals and those who qualify for Supplemental Security Income (SSI) or Medicaid may be eligible for financial support through food stamps. Food stamps can be used instead of cash at any grocery store that participates in the food stamp program. The application process can be difficult, and your relative may need help from you or from a social worker to complete it.

### **Grocery delivery**

Some grocery stores will deliver to an older person's home for a small fee. Some may also offer shopping services and take full orders over the phone, by fax, or by computer. Homemakers can also provide this service (see page 8).

### **Transportation services**

Transportation is critical for older people who do not drive. Being able to go places can mean the difference between confinement at home and getting to a meal site, doctor's appointment, store, or social activity. Some communities offer discounted taxi vouchers for seniors. In many places, special transportation services are available to bring older people or people with disabilities to the doctor, to social activities, and sometimes to shopping areas. These services are generally offered by social-service agencies, senior centers, or local transit authorities. Some organizations pay for or provide transportation to facilities for radiation therapy and kidney dialysis. In some communities, elder escort services are also available. Escorts accompany disabled older people to doctors' offices or other appointments.

### **Case management or care management services**

Case managers (also called "care managers") help coordinate all aspects of an older person's support. They can make a full assessment of your older relative's social and emotional needs, develop a comprehensive plan for care, help make the necessary contacts and arrangements, screen providers, and even oversee the plan to make sure it's working. The case manager maintains regular contact with the responsible family members, even if they live in another part of the country. Case managers are usually social workers or nurses experienced in geriatrics.

You may want to consult a case manager if, after a complete medical evaluation and your own review, you feel your older relative's care is too complex for you to handle. Case management services are especially helpful when most family members live far from the older relative.

Typically, private case managers charge fees for initial evaluations, follow-up visits to the older person, and ongoing monitoring services. In some communities, nonprofit agencies offer these services to income-eligible seniors at no charge, although the scope of the service may be limited.

# Caregivers:

## Getting the help and support you need

Be careful not to take too much on your own shoulders. Find ways to share your burden and your worries and to reach out for help and support. Just by talking about what you're going through you can often defuse tension and open yourself up to new and creative solutions you might not have thought of by yourself.

- >Talk regularly with other family members to share your concerns, keep everyone up to date on your relative's condition, and to share the responsibilities for her care.
- >Keep in touch with friends. A sympathetic ear outside the family can help keep you from being overwhelmed by a family crisis.
- >Join a caregiver support group. Often the most sympathetic and helpful people are those in a situation similar to our own.
- >Accept the help that is offered and the assistance that is available to meet the needs of your family members.
- >Make a list or start a file of the people, agencies, and organizations that can offer information, help, or financing, or that can direct you to services. Don't rely on your memory alone.
- >Don't expect that you will be able to do everything without help. Asking for help from outside the family — from friends, government programs, or social-service agencies — is not a sign of failure. It is an important step toward getting your older relative the help she may need.

### Avoiding caregiver burnout

Members of the family, especially those who provide care for older relatives in their own homes, are frequently under great pressure. Often they give up vacations and free time. They may suffer from depression and exhaustion and harbor intense feelings of resentment, especially when their older relative is

seriously ill, restricted, or suffering from mental illness or Alzheimer's disease.

Caregivers who have lived through burnout describe feeling overloaded and overwhelmed, a deep sense of emptiness and sadness, and a tendency to be frustrated, irritable, and angry. They experience physical symptoms of extreme stress, such as headaches, backaches, insomnia, and even heart problems. Many also describe how they learned to cope and overcome their condition of burnout by taking better care of themselves. Here are some ideas from other caregivers to help you avoid burnout:

- >Find ways to address your own needs. By continually putting your own needs below the needs of your relative or other family members, you are telling yourself that you aren't important, denying yourself relief from stress, and establishing conditions for burnout.
- >Spend time with and listen to friends. Pay attention when they say you're looking anxious or depressed. Let them help and support you.
- >Maintain a life outside of your caregiving role. Set aside time to enjoy a hobby, take classes, go out with friends, exercise, or do whatever else relaxes you and brings you pleasure.
- >Learn to say "no," and to let others bear some of the load. Work to involve other family members in the care of your relative.
- >Be willing to ask other family members for specific kinds of help. Try to ask for help before you feel overwhelmed or boil over with anger and frustration. Avoid asking for help in an accusing way.
- >Find out about and take advantage of services available to you, including adult day care, hospice services, respite (caregiver relief) programs, and support groups.

## Services for family members who provide care

### Respite care

Respite care services give family members time away from their responsibilities — for a few hours to a few weeks — so they can go out, take a vacation, or spend time alone. Respite care is available through some social service agencies as well as through private organizations. In some cases, funding allows for a partial subsidy, but usually the family pays the full cost of respite care. Care can be provided in your home or in a respite care facility. Some families advertise for a respite worker to come regularly or for a specific period of time, such as a two-week vacation. Some families reserve a bed in a nursing care facility in order to provide 24-hour care and supervision during a vacation or a weekend break from caregiving.

### Adult day care

Adult day care programs give older people a place to go during the day for recreation, a noon meal, and social contact with others. They allow family members to work or attend to other needs during the day, knowing that their relatives are safe and well cared for. By offering family members time off from the responsibilities of caring for older relatives, they often allow older people with physical or psychological impairments to continue to live at home.

### Hospice services

When a person is terminally ill, hospice services offer an alternative to regular hospital care. Their goal is to give individuals the chance to die with dignity and to provide support for their families. Some hospices offer this care in a home-like facility. Hospice organizations typically offer medical care, including drugs, to keep the patient comfortable. (This comfort-focused care is called palliative care and is an alternative to traditional life-prolonging or curative care.) Most hospices offer nursing care, homemaker services, home health care, and respite care, as well as family and individual counseling services. Hospice care is generally paid for by Medicare, Medicaid, or private health insurance (though it is not covered under all private health insurance policies). When a patient chooses hospice care with Medicare coverage, he gives up his other Medicare coverage for treatment related to the illness. Medicare will continue to cover services unrelated to the illness.



# Housing options for the elderly

While many older people live out their lives in the comfort of their own homes, others change living situations as they age. You and your older relative may face the question of whether to change living arrangements if

- >the cost of maintaining a home become unmanageable
- >the home is unsafe or unsuited to your relative's needs
- >its location is not convenient
- >your older relative becomes too frail to continue living alone

Housing decisions are rarely simple. Deciding to leave home, regardless of the reason, can be one of the most difficult issues your older relative will face. Nonetheless, many options may be available, depending on your relative's circumstances.

## **Whether to move: some considerations**

It's best to think about housing options before a crisis occurs. Help your relative find out about her full range of choices, from finding new housing to hiring occasional help, or simply making her home a safer place to live. Keep in mind that a serious illness, accident, or disability could limit your choices and plan accordingly. Remember that decision-making in a crisis is always more difficult.

Moves can be especially traumatic for older people when they have no control over the situation. For many, moving means leaving a place that holds a lifetime of memories. Try to help your older relative by talking about important issues and exploring options in a positive way, in an effort to make her life as safe, comfortable, and enjoyable as possible.

## **Financial assistance for homeowners**

If your relative is comfortable in his home but is considering a move because of the high cost of repairs, property taxes, and utility bills, you might help him explore programs that could reduce monthly expenses, or financing options that could free cash from the equity in his home.

### **Property tax abatement**

Many communities and states recognize that older people may not be able to pay increasing property taxes. Special property tax exemptions are often available to people at a certain age or to those who meet certain income requirements. Contact your city or town hall and ask for information about property tax abatements.

### **Property tax deferral loans**

In some cases, local governments loan older homeowners the money to pay their property taxes. These are called property tax deferral loans. They do not become due until the homeowner moves away, sells, or dies. The rules and guidelines for these programs vary from community to community.

### **Home maintenance and repair programs**

Some organizations in your older relative's community may provide free or low-cost labor for both minor and major home repairs. Other programs can assess potential safety hazards and make necessary changes. Your utility company may be able to recommend steps to save considerably on the cost of fuel. Low- or no-interest loans for maintenance and repair may also be available. Contact a local elder service agency or a bank for assistance on home repair or loan services.

### **Fuel assistance programs**

Older people who maintain their own homes may be eligible for grants to help pay their fuel bills or, in some cases, to weatherize their homes. These grants are distributed through local Community Action Agencies, which are usually listed in the telephone directory.

### **Home equity conversion plans**

Older people may be able to convert their home equity into cash through reverse mortgages, deferred payment loans, and sale/leaseback arrangements. Not all of these options are available in every state. It is always advisable to consult an attorney before you make any decisions about home financing, and especially before signing any documents.

### **Home sharing**

If your older relative needs help with both the expense of maintaining a home and the day-to-day management of household tasks, home sharing might be an attractive option. In this arrangement, your relative shares his home with someone who is seeking affordable housing. In return for a relatively low rent, the home sharer agrees to help out with cooking, cleaning, or other chores your relative can no longer handle himself.

This is not as simple a solution as it may at first appear, but for some older people it offers a way to remain at home without costly support services. The challenge lies in finding the right candidate to share the home and making a clear agreement from the beginning that spells out each person's needs and expectations. For example, a housemate might agree to care for your older relative, do chores, or provide transportation in exchange for all or part of the rent. Your older relative might also have more than one person share the home, splitting expenses and tasks.

Carefully check all references of potential home sharers. Your relative will be opening his doors to this person, and you will both want to make sure anyone you consider is honest and reliable. Help your relative and any candidates you are considering make clear to each other their expectations for the arrangement. Consider having a written agreement to describe the arrangement from the start, so that you all have something to go back to if problems and misunderstandings occur later on.

## Special considerations when deciding to make a housing change

Some decisions may require special guidance, such as the advice of an attorney, investment professional, tax adviser, social worker, doctor, or other family member. The following considerations are particularly important if your relative is selling a home, buying a home in another state, or both.

### Taxes

Tax laws may cause your older relative's financial situation to change when she sells a home or moves to another state. For example, some states have no income tax, while others have different tax rates for income from jobs, pensions, dividends, savings, and capital gains on the sale of a home or stocks. Also, a state may tax interest or dividends from out-of-state banks and corporations at a different rate from those in state. Some states also offer substantial exemptions from capital gains taxes for the sale of a home if it was the main residence of an older person.

Also, find out about tax exemptions you may have for older relatives you are responsible for, especially if they live within your household or require your financial support.

Consult your state's tax agency to see if you should file special tax forms for income, capital gains, or other reasons. If your older relative moves to another state, you may have to file there as well, depending on the income received in that state and the length of time she has lived there.

### Eligibility for government benefits

Certain government benefits and social programs described in this handbook, including Medicaid, elderly housing, social services, Supplemental Security Income (SSI), and fuel assistance, have different eligibility requirements and benefit levels in different states. You and your relative should look at how access to these social programs may change with a move.

If your relative is considering or already requires nursing-home care, you should pay particular attention to Medicaid eligibility requirements and coverage with a move. Medicaid covers the cost of nursing-home care, but only for elders whose assets have been substantially depleted ("spent down") and whose income remains below the eligibility level. State governments are wary of people who try to avoid spending down by distributing their assets. They usually require that all distribution of assets occur at least 36 months (longer in many states) before older people can obtain Medicaid benefits. Policies may vary depending on where you are living. (For more information about Medicaid, see pages 27 and 28.)

If your older relative is considering putting assets into joint accounts with you or other family members, consult an attorney or investment professional to find out how this will affect his eligibility for Medicaid in the state where he lives or where he plans to live in the future.

## When a housing change is needed

If your older relative can no longer live at home, even with extra services and supports, you may need to consider other arrangements. The decision to move can be stressful for both of you, and your older relative will need as much help and reassurance as the family can offer.

Perhaps the greatest reassurance for both of you may be the range of housing choices available today. They range from assisted-living facilities and apartments with special services to nursing-home care (covered in detail on pages 16 to 20).

### Private management apartments with services

These apartment facilities cater to older residents, usually offering such services as meals, transportation, and housekeeping, and sometimes more intensive service for residents who are less able to care for themselves. Most are designed with private bedrooms and some shared space, such as an activity room, laundry, or library.

### Board and care homes

Board and care homes (also known as sheltered housing, adult foster care, adult care homes, or residential care facilities) are designed for older people who prefer or need housing with supportive services. The rent generally includes room, board, utilities, housekeeping, laundry, and regular contact with the staff, who take some responsibility for the well-being of the residents. For an additional fee, some homes also offer additional services, such as help with bathing or grooming, medication management, and social and recreation activities.

### Congregate housing

In most types of congregate housing, residents live in their own apartments or rooms, usually with their own furnishings, and come together to share meals or participate in activities such as field trips, book clubs,

classes, and exercise programs. Congregate residences offer some level of service and support but generally don't provide full-time supervision or care. In smaller facilities, residents often live like members of a family, sharing some chores and responsibilities. In larger facilities, more of the services are provided by the staff.

### Assisted-living facilities

Assisted-living arrangements take many forms and the term can have different meanings in different parts of the country. In general, though, assisted-living facilities offer residents the independence of their own bedrooms, the social opportunities afforded by common areas and shared meals, regular monitoring of needs, and the support of 24-hour staffing and personal care assistance. Assisted-living facilities are generally residential rather than medical, and while some of the residents may be frail, they usually don't need continuous skilled nursing care. Meal delivery, transportation, and recreational programs may be available, as well as the services of a social worker or homemaker.

### Senior housing

Senior housing is usually subsidized by the local, state, or federal government. It often offers the advantage of rents based on a percentage of income, usually about 30% after allowing for certain exclusions. Although many communities offer public housing exclusively for older people, some residences include families and tenants of all ages. Be sure to understand the costs and restrictions before pursuing a move to a publicly subsidized housing development.

To be eligible for senior housing, the older person must meet the income requirements established by the government agency that manages the program. Senior housing usually consists of a handicapped-accessible one-bedroom apartment with a living room, bathroom, and kitchen. Because the demand for senior housing is usually greater than the supply, see if you can put your older relative's name on a waiting list as soon as possible, even far in advance of actual need. Depending on the

facility and the community, the waiting list for senior housing can range from a few months to several years.

### **Rental subsidy programs**

Federal and state governments collaborate with local community housing departments to offer rent subsidy programs to eligible individuals, including older people who prefer to live in private homes or apartment buildings. One such program is “Section 8 Rental Assistance,” where tenants pay no more than 30% of their income while the government agency pays the balance directly to the landlord. Funding for these programs has been trimmed in recent years, and they are not available to as many people as they once were. Still, it is worth finding out if such a program exists in your relative’s community.

### **Continuing-care retirement communities**

Continuing-care communities offer a range of housing alternatives with varying levels of support in one location, all designed to meet the changing needs of older people. For example, there may be townhouses for independent, active older adults; assisted-living apartments for those who require meal, homemaker, and laundry services; and, sometimes, a nursing or recuperation facility for those who need skilled nursing care. When considering any housing option, your older relative should visit the facility and talk with the people who live there and with the staff.

Most continuing-care communities require a sizable entry payment, then charge a monthly fee. While this is an attractive option because it adapts so flexibly to changing needs, it can be an expensive housing choice.

You and your older relative may want to consult a investment professional. Ask an attorney to review any documents that your relative is asked to sign.

### **Moving closer to family members**

Sometimes, older relatives prefer to live near (but not in the same home with) family members. An extra apartment, also called an “accessory” apartment, can sometimes be created in a single-family home or a third apartment added to a two-family home. This option also allows older people to be close to their families while preserving their privacy. While some communities allow accessory apartments, many have zoning laws that restrict them. You can find out about the laws in your community by consulting a local attorney with experience in zoning issues.

### **Should the older person live with you?**

The housing choices described above may not meet your older relative’s needs, or may not suit your own needs as the responsible family member. Your older relative may live in a community where the housing choices aren’t suitable, or she may live so far away that you can’t give her the help she needs. For many reasons, you may begin to think about whether your older relative should come to live with you.

This is a decision that should be weighed carefully and discussed fully with those who will be affected. Long-standing family conflicts, personal crises, additional responsibilities, or changing situations at home can complicate matters. Both the pros and cons of the move should be talked through carefully.

### **Nursing-home care**

If your older relative is becoming increasingly frail and dependent, it may be time to consider a nursing home. Nursing homes provide care for chronically ill people, and also offer rehabilitation services that help some older people return home. Nursing homes can provide 24-hour attention, activity, and care for older people who might otherwise lead lonely, dependent lives at home. If your relative needs care that your family cannot provide, finding a good nursing home can be

the best and most caring option for everyone involved. There are many good nursing homes — and there are many of poorer quality that you would do well to avoid. If you know what to look for, you can help your relative make an informed choice.

### **When a relative is discharged from a hospital into a nursing home**

Sometimes families have little time to plan for or think about nursing-home options. Older people are sometimes discharged from hospitals into nursing-home care. In these cases, when nursing-home care is a necessity, your role will be to do some research into your options, work with the hospital to help ensure that the right decisions are made for your relative, and reassure your relative that the appropriate steps are being taken to see that he gets the best possible care.

Most hospitals assign a discharge planner to work with patients and their families on the transition from hospital to home or other forms of care. The discharge planner will help you and your relative understand your options, answer any questions you may have, and determine your relative's needs after he leaves the hospital — including the level of care he will require. This level of care assessment will determine whether your relative needs nursing-home care and what type of nursing home will be most appropriate.

### **Talking about nursing-home care with your older relative**

Discussing nursing-home care with your older relative may not be easy. She may resist talking about it and even plead and bargain with you, increasing the guilt you already feel. You may be tempted to shield her from the move until the last possible moment, but this deception can be traumatic. Allow your older relative to participate in the choice of a nursing home and to adjust gradually to the idea of moving.

Many older people fear being abandoned by family members once they move to a nursing home. Let your older relative know that you will visit often and that she can leave the nursing home for short periods as long as she is physically able. Dealing with this subject as early as possible, even before a move is scheduled, can give both older people and their families time to discuss their concerns and work out satisfactory plans.

Sometimes a nursing home is needed for temporary rehabilitation, such as recuperation from a serious accident or illness. If you expect that your older relative will be returning home, make this clear to her. Most nursing homes offer both short-term recuperative and long-term, permanent placements.

### **Paying for nursing-home care**

The cost of care in a nursing home can be more than \$40,000 per year. Fees vary widely as do the kinds of payment nursing homes will accept. The care an older person requires will determine which financial resources can be used to pay for the nursing home. Currently, there are only a few options available to help pay for nursing homes.

You may need to apply your relative's assets toward the cost of nursing-home care before other payment options, such as Medicaid, become available. Because the cost of nursing-home care is so high, most families cannot afford to pay for an extended nursing-home stay from their own resources.

Medicare and Medicare supplemental insurance (Medigap) will sometimes contribute to the cost of skilled nursing care or rehabilitative services, but only for a limited time and only when daily nursing care is needed after release from a hospital (the patient must be admitted to the nursing home within 30 days after discharge from the hospital). Medicare does not pay for custodial care.

Medicaid will generally cover care at skilled nursing facilities for eligible older people — those with low incomes and few assets. If your older relative's spouse is still living, consult an attorney or legal service to find out which of the couple's assets can be preserved under Medicaid rules for the spouse who is not moving to a nursing home.

Veteran's benefits cover nursing-home care for some veterans at certain approved facilities.

Private long-term-care insurance sometimes covers or helps defray the cost of nursing-home care. If your relative has long-term-care insurance, look carefully at the terms and conditions on the policy. (See the section on long-term care insurance, page 29.)

Nursing homes generally charge a flat daily rate for room and board and some nursing services. Other services may be considered extra, and you will want to know what the additional charges will be. This information should be available in writing. Be sure to request a written statement of all fees before you or your older relative sign any contract. Nursing homes that participate in Medicare or Medicaid programs are required to provide complete information about basic rates.

Once you have chosen a nursing home, you (if you are the legal guardian) or your older relative will be asked to sign an admission agreement or contract. If you are the co-signer, make sure that you know how much the care will cost and are fully informed about your older relative's financial situation before you sign. Co-signing a nursing home contract may make you liable for the charges. It is always advisable to consult an attorney and have any contract reviewed before you sign it.

### **Skilled nursing care**

Skilled nursing is for people who need moderate to intensive medical care. A registered nurse provides care under the direction of a doctor. These facilities may include units that deliver different levels of care in separate areas or wings as part of one organization. A resident may be moved from one to another, should the need arise. Some people come to a skilled nursing facility (SNF) from a hospital to recover from an accident or serious illness.

### **Custodial or rest-home care**

This care is for people who do not require the regular care of a nurse, but who need supervision. In some states, custodial facilities are not licensed unless they provide protective oversight for residents (for example, supervision of an older person who is taking medication). Custodial care facilities may not be covered by any insurance plan. Review your insurance or ask the administrator of the home about coverage. To figure out which kind of care is appropriate, consult your older relative's doctor or hospital discharge planner or social worker. Then you and your relative (if he is able) can begin to visit specific nursing homes.

### **Supporting the older person in a nursing home**

Once your older relative is admitted to a nursing home, you and your family may feel everything from relief to sorrow. Your older relative may have his own feelings of relief, or of anger and sadness. He may accuse you of abandonment or beg to go home. During this difficult period of adjustment, maintain as much contact with your older relative as possible. Frequent visits at the beginning will also help you get to know the nursing-home staff. The nursing home's social worker can be particularly helpful as you and your relative deal with the emotions of this transition.

You may find that there is little to talk about when you visit your older relative or that he doesn't seem interested in what you say. Sometimes nursing-home residents narrow their focus, adjusting to the predictable routine and new environment. The following suggestions may help you to deal with this time of change.

- >If your older relative can go out, take him out for an overnight visit, a ride in the car, or a meal in a restaurant.
- >If you think it won't upset your older relative, take him to the old neighborhood to visit friends. Or, give friends a ride to visit your older relative.
- >If you live far away from an older relative in a nursing home, you might want to arrange for a companion to take him out occasionally.
- >Keep your older relative informed and included when there are problems in the family. Ask for opinions and ideas about handling family issues. Both of you may benefit from seeking your older relative's point of view.
- >Encourage your older relative to reach out to other residents. For example, he might write letters for a resident or read to one who is blind.
- >Share family photographs. Read and share letters together from other family members.
- >Bring in useful things your older relative is allowed to have, such as books, magazines, a television (with the option of a private earphone), radio, VCR, or tape recorder.
- >Be sensitive to your older relative's feelings, especially on anniversaries, such as the death of a spouse.
- >Remember special occasions, such as holidays or your older relative's birthday, with a visit, a call, or a gift.
- >Call regularly, even on the days you have visited your older relative.

Involve the staff when you visit, too. Sharing stories

and information about your older relative with staff members can help make their relationship with your older relative more personal. When family members recognize and appreciate staff efforts, the staff members are motivated to meet an older person's special needs. If you or your older relative have a problem or are dissatisfied, talk to the nursing-home administrator or work with the social worker. If the problem is not resolved to your satisfaction, you may want to contact your state or local nursing-home ombudsman program at the state Office on Aging.

The ombudsman will hear both sides of the issue and work to help both parties come to a satisfactory agreement. After an older relative has been placed in a nursing home, you can continue to provide the love, companionship, and support he needs. You can also help to ensure that your older relative is getting the best care possible by advocating on his behalf. Knowing that your older relative is well cared for by professionals can relieve you in many ways. You may find that you have more time and energy to be supportive.



# Financial matters

A helpful first step is to gain an understanding of your relative's financial position. To do this, you and your relative will need to spend some time pulling together bank statements and other records. You will want to look at income and expenses (what money comes in on a regular basis and how it is spent), as well as assets and liabilities (what your relative owns, as well as any outstanding debts).

These can be sensitive issues. Your older relative may fear that a lifetime of savings and investments is at risk. Through long force of habit, he may be reluctant to talk about his finances. He may be anxious about revealing — or discovering — his true financial picture. Listen to your relative's concerns and treat them with respect. Make it clear that you want to work with him to understand his finances as a way to help him get the resources he needs, such as health insurance and long-term-care benefits.

Spend some time with your relative going through bills, bank statements, investment records, and other financial records in order to complete the following worksheet.

You'll be able to see if your relative is spending more than he takes in, or is able to set money aside. You'll see what his financial needs are: how much he is spending on food, housing, insurance, and medical needs. Together, you may be able to think of ways to adjust spending or increase income to make your relative's finances more secure.

If your older relative is uncomfortable with this discussion, you might consult a trusted attorney or investment professional, or postpone the talk until a better time.

## Trusts and gifts

Some older people choose to put their property in trust for the benefit of others, or sometimes with themselves as beneficiaries. Trusts are best established through an attorney who can help specify what assets are to be held in trust and the conditions under which they can be used. Rules about trusts are complicated and subject to change. Trusts take time to administer and cost money. The trustee must file reports, pay taxes, and manage and distribute income. The trustee may also have to attend to the assets and oversee property.

Older people may also choose to give a portion of their assets away to relatives, friends, organizations, or institutions. There may be tax liabilities for both the older person and the recipient, so consult an attorney about such gifts before they are made.

## Acting on behalf of your older relative

It may become necessary to act on behalf of an older relative who cannot take care of his or her own affairs. This might be a temporary situation, caused by a temporary disability or period of recuperation. It might be a permanent situation if your older relative is severely disabled or no longer mentally competent.

You need legal authority to act on an older relative's behalf. Consider planning ahead for such a necessity. Speak with your older relative about how financial and medical situations should be handled in the future, even if your intervention isn't necessary at the moment. Include your older relative in consulting a trusted attorney about the kinds of documents it may be necessary to obtain.

Laws about financial and medical authority vary from state to state and can change. You may find that some options listed here aren't available where you live. In general, however, you and your older relative can establish the following kinds of authority over finances.

# Net Worth Worksheet

ASSETS		VALUE/AS OF DATE
Short-term reserves	Checking accounts	\$
	Savings accounts	\$
	Money market mutual funds	\$
	Certificates of deposit	\$
	U.S. Treasury bills	\$
	Cash value of life insurance	\$
Investments	Stocks	\$
	Bonds	\$
	Stock mutual funds	\$
	Bond mutual funds	\$
	Other mutual funds	\$
Retirement accounts	Traditional IRA	\$
	Roth IRA	\$
	Keogh account	\$
	401(k) plan	\$
	403(b) plan	\$
	Profit-sharing plan	\$
	Pension plan	\$
	Annuities (fixed or variable)	\$
Corporate stock	In 401(k)	\$
	Options	\$
Personal property	Home	\$
	Vacation home	\$
	Rental home	\$
	Business or partnership	\$
	Car, truck, boat	\$
	Home furnishings	\$
	Collectibles	\$
	Jewelry	\$
Furs	\$	
Other assets (list)		\$
<b>Total assets</b>		\$

## Net Worth Worksheet

LIABILITIES		VALUE/AS OF DATE
Current	Credit card balances	\$
	Margin loans on securities	\$
	Estimated income tax owed	\$
	Other outstanding bills	\$
Long-term	Home mortgage balance	\$
	Home equity loan	\$
	Mortgages on rental property	\$
	Car loan	\$
	Tuition loan	\$
	Life insurance policy loan	\$
	401(k) loan	\$
	Other long-term debt	\$
<b>Total liabilities</b>		\$
<b>Total net worth</b>	Total assets minus total liabilities	\$

INCOME AND EXPENSES		VALUE/AS OF DATE
	Wages, salary, commission, bonus	\$
	Self-employment	\$
	Dividends	\$
	Interest	\$
	Capital gains	\$
	Annuities	\$
	Pension	\$
	Social Security	\$
	Income from trusts, estates, and insurance	\$
	Income on real estate	\$
	Other income sources	\$
<b>Total income</b>		\$

## Net Worth Worksheet

EXPENSES	VALUE/AS OF DATE
Mortgage or rent	\$
Property taxes, condo/co-op fees, insurance	\$
Utilities	\$
Food	\$
Clothing	\$
Entertainment	\$
Commuting expenses	\$
Car payments, insurance, and repairs	\$
Nonreimbursed medical care and health insurance	\$
Credit cards (balance/monthly payment)	\$
Income tax	\$
Life and disability insurance	\$
Tuition	\$
Child care	\$
Charitable giving	\$
Other expenses	\$
<b>Total expenses</b>	\$
<b>Investable assets</b>	(Total income minus total expenses) \$

FINANCIAL PORTFOLIO	COMPANY/ADDRESS/PHONE	ACCOUNT NUMBER
Banking		
Checking		
Savings		
Safe deposit box		
Signature authority to open		
Credit cards		

## Net Worth Worksheet

FINANCIAL PORTFOLIO	COMPANY/ ADDRESS/PHONE	ACCOUNT NUMBER
Insurance		
Life		
Health		
Disability		
Auto		
Homeowner's		
Liability		
Other		
Investments		
Corporate sponsored retirement plans, including 401(k), 403(b), and 457 accounts		
IRAs		
Pension		
NAME/FIRM	PHONE/ADDRESS	
Professional advisers		
Attorney <input type="checkbox"/> Has a copy of last will and testament		
Accountant		
Investment professional		
Tax adviser		
Estate Planning		
Trustee		
Executor		
Guardian for children		
Power of attorney <input type="checkbox"/> Advance medical directives (i.e., living will)		
Prepaid funeral and/or burial arrangements		

### **Power of attorney**

A power of attorney is a written document in which one person authorizes another to handle his or her financial or personal affairs. It is advisable to use a lawyer to set up a power of attorney — to draft the document and have it signed in a way that makes it legally binding. Once it is set up, a lawyer is not necessary to exercise the power of attorney or to act on your relative's behalf in the ways specifically authorized. Power of attorney can cover a single issue, such as the sale of a home, or a range of issues, such as making financial transactions. It can be confined to a limited time, such as a period of recuperation, or cover a longer period.

A standard or ordinary power of attorney is valid only as long as the person who uses it — your older relative, who is also called the principal — is considered competent. A durable power of attorney remains in effect even if your older relative becomes mentally incapacitated. This authority may be necessary in the case of advanced Alzheimer's disease or other serious illness or accident.

A power of attorney can be one of the most flexible legal options available to you. Another option, a medical power of attorney (described on page 30), is recognized in some states and can be important in making medical decisions for your older relative.

### **Representative payee**

Representative payees are eligible to receive your older relative's Social Security checks. This can be helpful if you are responsible for paying your older relative's bills (when your older relative can't or doesn't want to handle her own finances). The local Social Security office can give you the necessary forms.

### **Guardians and conservators**

Guardianship and conservatorship are among the most powerful legal steps you can take to assume the management and care of your older relative. Guardians are appointed by a court of law to take over personal and financial decisions for a person who is incapacitated. When a court appoints a guardian, it usually takes away from the incapacitated person the right to make these decisions. The guardian isn't necessarily the person an older relative would have wanted if she could choose. Sometimes it is an attorney who is known and trusted by the court but who may not know or understand the older person's wishes.

Guardianship laws and degrees of control vary from state to state. In most states, a conservator takes over management of an incapacitated person's assets only, including property, savings, and investments. A conservator usually does not control personal affairs.

# Paying for care

## Medicare

Some types of medical care are covered by Medicare, some are covered only in part, and some are not covered at all. Services of physicians are usually covered by Medicare. Some doctors, including radiologists, anesthesiologists, pathologists, and other specialists who are consulted by your doctor, may not actually see the patient. They still submit bills for their services, which must be paid, whether by your older relative or through your relative's private insurance, Medicare, or Medicaid. Dental care is rarely covered by Medicare, except for surgery on the jaw or facial bones. Vision care is rarely covered by Medicare unless your older relative receives surgery or one of a few other limited services from an ophthalmologist. Treatment by psychiatrists and psychologists is eligible for Medicare coverage, but benefits are limited. Many hospitals have begun to offer physician referral services, which can help you find a primary care physician, a geriatrician, or a specialist who may have openings for new patients.

## Medicaid

Medicaid, commonly referred to as medical assistance, provides health insurance for people who meet special financial eligibility guidelines. It is financed by the federal and state governments in part under the Social Security Act. Unlike Medicare, Medicaid pays for extended care in many nursing homes and other services and usually has no deductible or co-insurance charges.

Each state administers Medicaid programs differently, and eligibility requirements and benefits vary by state. All older people who receive Supplemental Security Income (SSI) are automatically eligible for Medicaid. (SSI is a federal program that assures a minimum monthly income to people age 65 or older who are blind or disabled, with limited income and resources.)

Each state sets income eligibility limits for Medicaid. However, in some states, Medicaid is also available to people whose income would normally be too high to qualify for medical assistance, but whose medical expenses are so great that they reduce net income to a level that meets state requirements. The process of using income and assets to meet medical expenses, and in that way become eligible for Medicaid, is called "spending down."

If you have questions about assets and Medicaid eligibility, consult an investment professional or an attorney who is familiar with the eligibility rules in the state where your older relative lives.

# Planning for health care costs

There are basic issues that you should think about before an older relative needs care including:

- > how much control you want to have over the kind of care received
- > mapping out short- and long-term needs
- > determining whether enough cash is being put aside to deal with care needs
- > considering insurance to cover potential expenses
- > learning about what kind of government assistance is really out there and whether you want to rely on it for your family's care

Many of us don't even know what Medicaid and Medicare are — until we're forced to — but learning about these programs beforehand could greatly impact your planning decisions and, in turn, improve the quality of life of your family.

For example, Medicare is an insurance program offered by the government to all senior citizens; but what you need to be careful of is that Medicare does not cover many services you or your family may need, such as long-term care and prescription drugs. Medicaid is different from Medicare because it is based on financial need. In other words, your assets have to be below a certain level in order for you to qualify; and Medicaid dictates what kind and where you receive medical care, so you will lose much of your control over the care.

Most of us probably tend to procrastinate, especially when dealing with an issue as complex and emotionally difficult as preparing for the declining health of an older relative. Without proper planning in place though, the typical first response when faced with potential health care costs is that the older relative's savings will cover the bills. But what if the savings turn out to be not enough? Advance planning gives you a wider range of options to pay for care.

MFS does not offer legal or tax advice. This material is not intended to replace the advice of a qualified attorney, tax adviser, investment professional, or insurance agent. Before making any financial commitment regarding the issues discussed here, consult with the appropriate professional.

But what if you have an older relative in need of care now and you haven't planned ahead? By consulting with an investment professional, you might be able to uncover the flexibility you do still have. First, you should review your current situation. Although your relative may have what seems like enough assets, no one can predict how many years of care will be required. And with care costing upward of \$50,000 per year, a substantial amount of your older relative's savings could quickly disappear. Since Medicare does not cover long-term care, you might wonder about Medicaid and whether there is a way for your older relative to qualify.

## **An investment strategy to help your older relative manage long-term health care costs**

State regulations vary, but typically an individual can have no more than \$3,000 in assets to qualify for Medicaid. Assets that do not count against this amount include a home, car, and up to \$75,000 in cash if the potential recipient has a healthy spouse. If your older relative has joint assets in excess of this amount, he might consider transferring or gifting the excess assets. It's important to remember that there is a three-year lookback policy with Medicaid, which means that any transfers of assets have to be for their "fair value." In other words, he cannot give away all of his assets just to qualify for Medicaid or he may face penalties or legal action. With gifting, there are tax issues to consider as well.

One investment planning strategy that may help manage health care costs and also provide for long-term needs, involves purchasing an annuity. Your relative could transfer most of his assets into an immediate annuity payable to his healthy spouse. The annuity provides an option that is not subject to the three-year lookback because assets are not being transferred or gifted. Instead, the assets are converted into an investment that benefits the annuitant (the healthy spouse). In the end, with his assets depleted, your relative would qualify for Medicaid to pay for his care, and in addition, the couple's assets could be preserved for future needs.

© 2002 MFS Investment Management®



## Long-term-care insurance

Long-term-care insurance is a relatively new form of insurance that may pay for nursing-home care and long-term medical care at home, and sometimes for other community services not covered by Medicare or Medigap plans. The amount of coverage, the deductibles, and the kind of care that is covered vary with the policy. This type of insurance is generally available to people between the ages of 50 and 79 who are not in failing health and who can take care of themselves. A few companies offer insurance to older and younger people as well.

When considering whether long-term-care insurance is appropriate, your older relative will need to consider both what it offers and what it costs. The main benefit of long-term-care insurance is that it protects personal assets against the risk of high nursing-care expenses. Without such insurance, a person who needs long-term nursing care must either pay for that care with his own resources or, after those resources are depleted, rely on Medicaid. If your relative has substantial assets, and it is important to him to protect those assets in order to leave an estate to his spouse or children, or he has strong objections to relying on Medicaid, then long-term-care insurance might be appropriate. He will then have to consider the cost.

Monthly premiums for long-term-care insurance can be as high as \$100 to \$400 per month, depending on your relative's age and the level of coverage, and these premiums may increase from year to year.

If your relative decides that long-term-care insurance is appropriate, the next decision is which policy to buy. Before buying a policy, compare options from different insurance companies to see which best meets your needs, in terms of both coverage and cost.

## Hospital-stay insurance plans

Another kind of insurance for older people pays a fixed amount for each day in the hospital. These plans are not Medicare or Medicare supplement plans and are not tied to specific benefits, except for days in the hospital. People choose this coverage for a number of reasons:

- > to have extra cash to pay for services not covered by Medicare or Medigap plans, such as private rooms, private duty nursing, or personal comfort items (television or telephone)
- > to cover the added burdens hospitalization brings to others, such as spouses, who need the extra cash at home for transportation, medical supplies, or other needs
- > to supply extra cash for the recuperation period

Usually these payments are made directly to the older person regardless of any health insurance he or she has. However, they often require the beneficiary to file special claim forms and provide written documentation of the hospital stay. Also, these policies expire unless premiums are paid regularly. If your older relative has such an insurance policy, check to see if it is up to date and decide whether you want to continue coverage.

## Health matters

Though guardians, conservators, and those holding powers of attorney are often called upon to act during serious illness, they should try to get a clear understanding from your older relative about what they should do if it is necessary to make a critical decision about medical care. If you are authorized to make decisions for your relative in the event that he is no longer able to make them himself, spend time talking with your relative about what choices he might want you to make.

Get to know your older relative's doctor. With your older relative, ask the doctor to advise you about how to handle a critical illness. Consider two options in advance:

### Living wills or advance directives

Some states allow older people to put in writing how they would like to be treated if they are near death and unable to communicate. Known as an advance directive or living will, this document helps guarantee that your older relative's wishes about care will be honored by doctors and family members. Laws about living wills vary from state to state.

### Medical power of attorney

A medical power of attorney or health care proxy, executed by an older person, allows a specific family member to act on behalf of the older person to make decisions about medical care. The family member can use this power to remove unwanted care or to make sure that all available medical options are used.

## People who can help

Attorneys can advise you and your older relative about the laws in your relative's state, help you design an estate plan, and prepare legal documents, including wills, living wills, powers of attorney, and trust instruments. The local chapter of the American Bar Association can refer you to an attorney in your relative's area. If your relative has little or no income, she may be eligible for free legal services funded under Title III of the Older Americans Act.

*Investment professionals* advise clients about a variety of financial issues, including budgets, investments, insurance, and planning for financial goals.

*Accountants* advise clients about ways to minimize income-, gift-, and estate-tax payments. Some accountants may also serve as financial planners.

*Insurance agents* can help you evaluate the protection provided by your relative's health, life, disability, long-term care, or other insurance. Many will recommend additional coverage.

---

Contact your investment professional  
for additional caregiving materials  
and resources.

---



This material is not intended to replace the advice of a qualified attorney, tax adviser, investment professional, or insurance agent. Before making any financial commitment regarding the issues discussed here, consult with the appropriate professional. This material was prepared by Ceridian Corporation's LifeWorks Services; accordingly Ceridian Corporation (not MFS Fund Distributors, Inc.) is solely responsible for the accuracy of the content.

---

