

How to Keep Your Assets Out of the Nursing Home

Presented by
University of Idaho Extension Latah County

Guest Speakers
Northwest Planning Inc.
Peak Elder Law

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EDUCATE | EMPOWER | CONTROL
OUR MISSION

Spokane Retirement Resource Center (SRRRC) was founded by professionals who identified that most people feel isolated and unsupported as they transition into retirement.

The SRRRC has committed to change that paradigm by providing comprehensive education across multiple disciplines to empower individuals and families.



**SPOKANE RETIREMENT
RESOURCE CENTER**

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COMPANY'S ENGAGE IN OUR WORK



We have been honored to present in front of several renowned organizations. This is not an official endorsement on behalf of these entities.

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OUR AWESOME STRUCTORS



Bruce A. Longmeier
Northwest Planning Inc.



Dustin M. Allbery
Northwest Planning Advisors, LLC



Ross Anderson, J.D.
Peak Elder Law, PLLC



Kristi Harvie, MBA
KMH Insurance LLC



Debbie J. Judd,
ARNP, FAARFM, ABAAHP
The Metabolic Institute.



Jessica Titchenal,
MS, CNS, CN, DCN-c
The Metabolic Institute



Brad Miles
Brad Miles Insurance, Inc.



David Bosch
Independent Insurance Agent

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TODAY'S CONTENT



Long-Term Care

What is Long-Term Care?

Who needs LTC?

4 Planning Methods



Elder Law

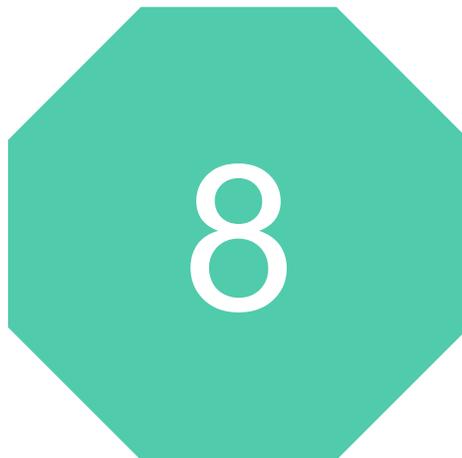
What is Elder Law?

Traditional estate plans

How to protect yourself, loved ones and estates

INTRODUCTION

How many sides to a stop sign?



INTRODUCTION

What color is a stop sign?



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INTRODUCTION

How many sides to a yield sign?



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INTRODUCTION

What color is a yield sign?



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How to Keep Your Assets Out of the Nursing Home

LONG-TERM CARE

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LONG-TERM CARE

DEFINITION

WHAT IS LONG-TERM CARE?

Long-term care is a range of services and supports you may need to meet your personal care needs. Most long-term care is not medical care, but rather assistance with the basic personal tasks of everyday life, sometimes called Activities of Daily Living (ADL's).

- Bathing
- Dressing
- Using the toilet
- Transferring (to or from bed or chair)
- Caring for incontinence
- Eating
- OR a Cognitive Impairment

Administration on Aging. "What Is Long-Term Care?" Longtermcare.gov, Administration on Aging, 10 Oct. 2017, longtermcare.acl.gov/the-basics/what-is-long-term-care.html.

LONG-TERM CARE

STATISTICS

WHO AND HOW MANY END UP NEEDING CARE?

Age 65+

- According to AARP, 52% chance of needing Long Term Care
- 70% of all claims begin as Home Healthcare
- If you survive the first year in a NH, then the average stay becomes 4-years

Couples

- Up to 73% of couples one spouse will require care

Dementia

- Every 60 seconds someone is diagnosed with Dementia

LONG-TERM CARE
STATISTICS

COST OF CARE

Idaho and Washington Figures



Idaho - State

Annual Cost	2020	2025
Home Health Care		
Homemaker Services	\$53,766	\$53,766
Homemaker Health Aide	\$53,766	\$53,766
<small>Based on 44 hours per week by 32 weeks.</small>		
Adult Day Health Care		
Adult Day Health Care	\$27,560	\$42,938
<small>Based on 2 days per week by 50 weeks.</small>		
Assisted Living Facility		
Private, One Bedroom	\$44,100	\$68,706
<small>Based on 12 months of care, private, one bedroom.</small>		
Nursing Home Care		
Semi-Private Room	\$104,025	\$162,058
Private Room	\$109,500	\$170,527
<small>Based on 365 days of care.</small>		

The information shown above is based on a specific scenario generated by the Genworth 2020 Cost of Care. Future years are calculated by assuming an annual 3% growth rate. For more information and location comparison, visit genworth.com/costofcare

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LONG-TERM CARE
PLANNING METHODS

WHY PLAN?

1. Safeguard your Nest Egg
2. Providing security for your spouse
3. Eliminate burden on family
4. Be confident in your future
5. Retain your dignity
6. Control your health care decisions/costs
7. Ensure your legacy
8. Avoid going to a nursing home
9. Get into a nursing home of your choice

LONG-TERM CARE

PLANNING METHODS

GET THE CARE YOU DESERVE WITHOUT DESTROYING YOUR NEST

EGG!!!

• In-Home Care

- Assisted Living
- Nursing Home Care

Your Planning Options

1. Traditional Long-Term Care Insurance
2. "New" Life Insurance with Living Benefits
3. Asset Based Long-Term Care
4. Self-Funding
5. State Assistance (Ross to discuss later)

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LONG-TERM CARE

PLANNING METHODS

TRADITIONAL LONG-TERM CARE INSURANCE

- Annual / Monthly Premiums
- Use it or lose it
- Flexible design to fit your needs and budget
- Best to purchase between age 45 to 65

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LONG-TERM CARE

PLANNING METHODS

TRADITIONAL LONG-TERM CARE INSURANCE

- Monthly Benefit \$1,500 to \$15,000
- Benefit Period 2 – 6 years
- Cost of Living Adjustment (COLA) None to 5% Compound
- Elimination Period 0 – 180 days

Example

Monthly Benefit	\$5,000
<u>Benefit Period</u>	<u>36 months</u>
Benefit Pool	\$180,000 (amount available for care)
5% COLA	Benefit Pool will double in 15 years (\$360,000)

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LONG-TERM CARE

PLANNING METHODS

“NEW” LIFE INSURANCE WITH LIVING BENEFITS

- Eliminates “use it or lose it”
- Flexible Premiums
- Cash benefit to spend on care
- Qualification same as Traditional LTC Insurance
- Builds liquid cash value
- What you don’t use for LTC goes to your beneficiaries

Example

Death Benefit	\$250,000
<u>LTC Multiplier</u>	<u>4%</u>
Monthly Benefit	\$10,000
Benefit Period	25 months

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LONG-TERM CARE

PLANNING METHODS

“NEW” LIFE INSURANCE WITH LIVING BENEFITS

- Exchange an existing cash value life insurance for “New and Improved” Life insurance with Living Benefits
- This strategy allows you to leverage an existing policy to include Long-Term Care benefits as well as a death benefit.

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LONG-TERM CARE

PLANNING METHODS

ASSET BASED

- Works just like the Hybrid plan except you make a one-time investment upfront
- This plan can be funded with “Qualified” Funds; IRA, 401k, 403b, etc.
- Can also provide lifetime benefit
- Can cover 2 lives

Example

Death Benefit	\$333,333
LTC Benefit Period	unlimited
Monthly Benefit	\$10,000

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LONG-TERM CARE

PLANNING METHODS

ANNUITIES

- Leverage your savings by up to 2 ½ times (\$100K = \$250K for LTC)
- Can exchange existing annuity for leveraged annuity
- Could potentially “wash” taxable gain while receiving LTC benefits

Example

Existing Annuity	\$100,000	→	“New” Leveraged Annuity	\$100,000
Cost Basis	\$50,000		LTC Multiplier	2.5 x’s
Taxable Gain	\$50,000		LTC Benefit Pool	\$250,000
			Benefit Period	5 years
			Annual LTC	\$50,000

LONG-TERM CARE

PLANNING METHODS

SELF-FUNDING

If you are unable to take advantage of some type of insurance solution you still need a plan for LTC.

1. In depth discussion with Spouse / Family
2. A review of your current living situation. Will it be sustainable as you age?
3. A comprehensive review of your financial plan
 1. How much risk are you taking?
 2. Develop a solid income plan
 3. Identify which funds to liquidate if needed
 4. Have your estate planning documents up to date

LONG-TERM CARE

MANY THANKS**SPECIAL OFFER**

Thank you for taking the time to join my segment of today's meeting. For your attendance today I am offering a complimentary consultation.

- If you have any questions or doubts about your current plan or lack there of, please click on the link in the chat box.
- If you have any life insurance, long-term care insurance or annuity policies that you would like me to review please click on the link in the chat box.

Someone from our office will call you and we can arrange to meet via the phone, virtual or in-person.

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LONG-TERM CARE**Bruce A. Longmeier**

President

Bruce@NorthwestPlanning.net

**509-324-8835**

1 N. Monroe Street, STE 202
Spokane, WA 99201

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ESTATE PLANNING

ELDER LAW

PLANNING FOR SPECIFIC ISSUES ASSOCIATED IN AGING

- Estate Planning
- Planning for incapacity
- Long-term care cost planning
- Asset Preservation
- Medicaid Assistance

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ESTATE PLANNING

TRADITIONAL ESTATE PLANNING

TRADITIONAL PLANNING

Estate Planning Documents

- Will
- Trust
- General Durable Power of Attorney
- Healthcare Power of Attorney
- Living Will/Advanced Directive

Transfers At Death

- Designated Beneficiaries
- Probate
- Small Estate Affidavit
- Trust Administration

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ESTATE PLANNING

ELDER LAW

TRADITIONAL PLANNING

Estate Planning Documents

- Will
- Trust
- General Durable Power of Attorney
- Healthcare Power of Attorney
- Living Will/Advanced Directive

Long Term Care Costs

- Private Pay
- Long Term Care Policy
- V.A. Benefits
- Medicaid LTC
- Total cost of care?

Transfers At Death

- Designated Beneficiaries
- Probate
- Small Estate Affidavit
- Trust Administration

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ESTATE PLANNING
ELDER LAW

WHY ELDER LAW?

\$893,000

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ESTATE PLANNING
ELDER LAW

WHAT HAS LTC DONE TO ESTATE PLANNING?

The cost of Long-term Care is wiping out estates

This shifts the focus from what happens after death?

to

What can we do before we die?

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ESTATE PLANNING

ID/WA REPORTED LTC COST

IMPORTANT INFORMATION

ID	WA	
\$301	\$346	– Daily, statewide average for private long-term care facility
\$9,030	\$10,380	– per month
\$108,360	\$124,560	– per year

Average monthly cost for all care ranges from **\$4,000** to **\$12,000+** per month

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ESTATE PLANNING

ID/WA MEDICAID

DEFINITIONS

Medicaid - Is a "means tested" health insurance program funded by the federal, state and local governments to provide home care and skilled nursing services

- Medical Need

- Financial Need
 - Income (special rules in ID)
 - Assets

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ESTATE PLANNING

ID MEDICAID ASSET LIMITS

END OF THE ROAD (2020 Figures)



Primary Residence Equity up to \$906,000 (potential lien)



Car (Any value)



Burial Plan



Personal Effects / Household Goods



\$2,000 for single person, \$4,000 for couple, \$26,076 for well spouse (community property)

ESTATE PLANNING

WA MEDICAID ASSET LIMITS

END OF THE ROAD (2021 Figures)



Primary Residence Equity up to \$603,000 (potential lien)



Car (Any value)



\$1,500 Cash Value Life Insurance



\$1,500 Burial Plan



Personal Effects



\$2,000 for disabled person, \$58,075 for well spouse

ESTATE PLANNING

ID/WA MEDICAID LOOKBACK PERIOD

BEWARE

Medicaid program has a 5-year lookback, currently

Avoid a penalty period

\$301 ID Gift Limit

\$346 WA Gift Limit

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ESTATE PLANNING

PLANNING PERIOD

4 STAGES OF PLANNING

Estate Planning Documents

- Will
- Trust
- General Durable Power of Attorney
- Healthcare Power of Attorney
- Living Will/Advanced Directive

Protection Period

- What you want and what you have.
- What assets to preserve.
- Who to take care of

Long Term Care Costs

- Private Pay
- Long Term Care Policy
- V.A.
- Medicaid LTC

Transfers At Death

- Designated Beneficiaries
- Probate
- Small Estate Affidavit
- Trust Administration

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ESTATE PLANNING
TRADITIONAL PLANNING

ESTATE PLANNING DOCUMENTS



Traditional Will

Traditional Estate Planning



Asset Preservation Will

Testamentary Creditor
Protected Trust



Trusts

Revocable
Irrevocable
Special Needs
Educational
Charitable

ESTATE PLANNING
TRADITIONAL PLANNING

WHAT IS NEEDED?

Traditional Will

Revocable and / or Irrevocable Trusts

General Durable Power of Attorney

Health Care Power of Attorney

Advanced Directive (formerly Living Will)

ESTATE PLANNING

TRADITIONAL PLANNING

LIFE CARE DOCUMENTS

General Durable Power of Attorney

Health Care Power of Attorney

Advanced Directive (formerly Living Will)

Removal of Life Sustaining Treatments

Take care of your wishes before someone else has to...

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ESTATE PLANNING

TRADITIONAL PLANNING

WHY A TRADITIONAL WILL MAY NOT BE ENOUGH

A Traditional Will transfer assets directly to the beneficiary

Accessible to creditors (i.e. LTC costs)

Potential Death Tax (WA State Inheritance tax over \$2.193M,

ID only has Federal Death Tax

Potentially disrupt benefits the beneficiary is receiving (disability, etc.)

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ESTATE PLANNING

ASSET PRESERVATION WILL

STRATEGY FOR MARRIED COUPLES

An Asset Preservation Will transfers assets outside of the family

- Special Exemption for Spouses

- No access to creditors (including WA State Medicaid Spend Down)

- Will not interrupt any state benefits

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ESTATE PLANNING

ASSET PRESERVATION WILL

TESTIMENTARY IRREVOCABLE SUPPLEMENTAL NEEDS TRUST

FBO...

Provide a creditor protected trust for your spouse or other beneficiary when you pass

Supplemental or Special Needs Trusts

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ESTATE PLANNING

PLANNING PERIOD

4 STAGES OF PLANNING

Estate Planning Documents	Protection Period	Long Term Care Costs	Transfers At Death
<ul style="list-style-type: none"> • Will • Trust • General Durable Power of Attorney • Healthcare Power of Attorney • Living Will/Advanced Directive 	<ul style="list-style-type: none"> • What you want and what you have. • What assets to preserve. • Who to take care of 	<ul style="list-style-type: none"> • Private Pay • Long Term Care Policy • V.A. • Medicaid LTC 	<ul style="list-style-type: none"> • Designated Beneficiaries • Probate • Small Estate Affidavit • Trust Administration

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ESTATE PLANNING

PRESERVING ASSETS

What do you anticipate spending on LTC?

What assets would you like to protect?

Who would you like to benefit from your assets?

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ESTATE PLANNING

ASSET PRESERVATION

Lifetime Transfer

Children

Trust

Charity

Trusts

Revocable – held in your Social Security Number

Irrevocable – held in a separate Tax Identification Number

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ESTATE PLANNING

RISK ASSESMENT

Risk Management & Asset Preservation

Understand your LTC Risk and potential costs

Asses your ability to grow and preserve assets

Proactive Steps

Long-term Care Assessment

Proper financial analysis and plan

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ESTATE PLANNING
PLANNING

PLAN EARLY

Get your life planning documents

We never know when we will need someone to help

Don't wait until loved ones have to make the decision

Give them the gift of having your estate in order

Don't wait to preserve your assets

The longer you wait and the longer you live, the more likely you will need Long-term Care

**ELDER LAW & ESTATE
PLANNING**



Ross S. Anderson, J.D.
Info@PeakElderLaw.com



PEAK ELDER LAW

509-878-7071

400 S. Jefferson St., #400
Spokane, WA 99204

www.PeakElderLaw.com

LONG-TERM CARE

MANY THANKS

SPECIAL OFFER

Thank you for taking the time to join my segment of today's meeting. For your attendance today I am offering a one-hour complimentary consultation.

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- If you don't have any estate planning documents and you want to get started please click on the link in the chat box.
- If you have a family member entering or in a nursing home, please click on the link in the chat box.

Someone from our office will call you and we can arrange to meet via the phone, virtual or in-person.

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Traditional estate plans

How to protect yourself, loved ones and estates

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We want to continue to offer complimentary classes and workshops, but we need your help. Please share your experience with anyone you feel would benefit from attending one of our classes. Please go to Facebook and like our page and share it.

