



How to Pay for Long-term Care Costs



The Elder Care Firm

of Christopher J. Berry, CELA

About Me...



About Me...

- One of the first VA Accredited attorneys in Michigan
- One of 17 Certified Elder Law Attorneys (CELA's) in Michigan, which is the top designation for an elder law attorney.
- Adjunct Professor of Law
- Author of "The Caregiver's Legal Guide to Planning for a Loved One with Chronic Illness"

Caregiver's Legal Guide

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The Caregiver's Legal Guide Planning for a Loved One With Chronic Illness: Inside Strategies to Plan for Medicaid, Veterans Benefits and Long-term Care Paperback – July 18, 2014

by Christopher J. Berry J.D. CELA (Author)

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ISBN-13: 978-1599324180 | ISBN-10: 1599324180

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Caregiver's Legal Guide

Free Ebook Version

www.CareGiverLegalGuide.com

Seminar Outline

- What is Elder Law?
- Our Greatest Fears
- Long-Term Care Facts
- Life Care Planning
- Current Medicaid Law
- VA Benefits
- A Short Story

The Truth About Elder Care Planning

WHAT IS ELDER CARE PLANNING?

- Estate Planning is what happens if you die....
- Elder Law is what happens if you don't...and you continue to age....and you face all the issues that go along with aging



OUR BIG FEARS

Outliving Your Money Not Being Able To Provide For Your Spouse



Being A Burden On Your Kids *(And Creating Strife Between Them)*



Having Your Hard-Earned Life Savings Consumed By Long-Term Care Costs



Being Shoved Into a Run Down Nursing Home



Not Being Able To Pass Something Down To The Kids



Long-Term Care Facts

Average
Nursing Home Stay?

2 years, 5 months

*MetLife Market Survey of NH and HCC, 2004



Long-Term Care Facts

Average Cost of Care in U.S. and
Michigan:

Nursing Home — \$90,000

(over \$7,500 a month)

Around here? \$7,000-\$10,000 per month!

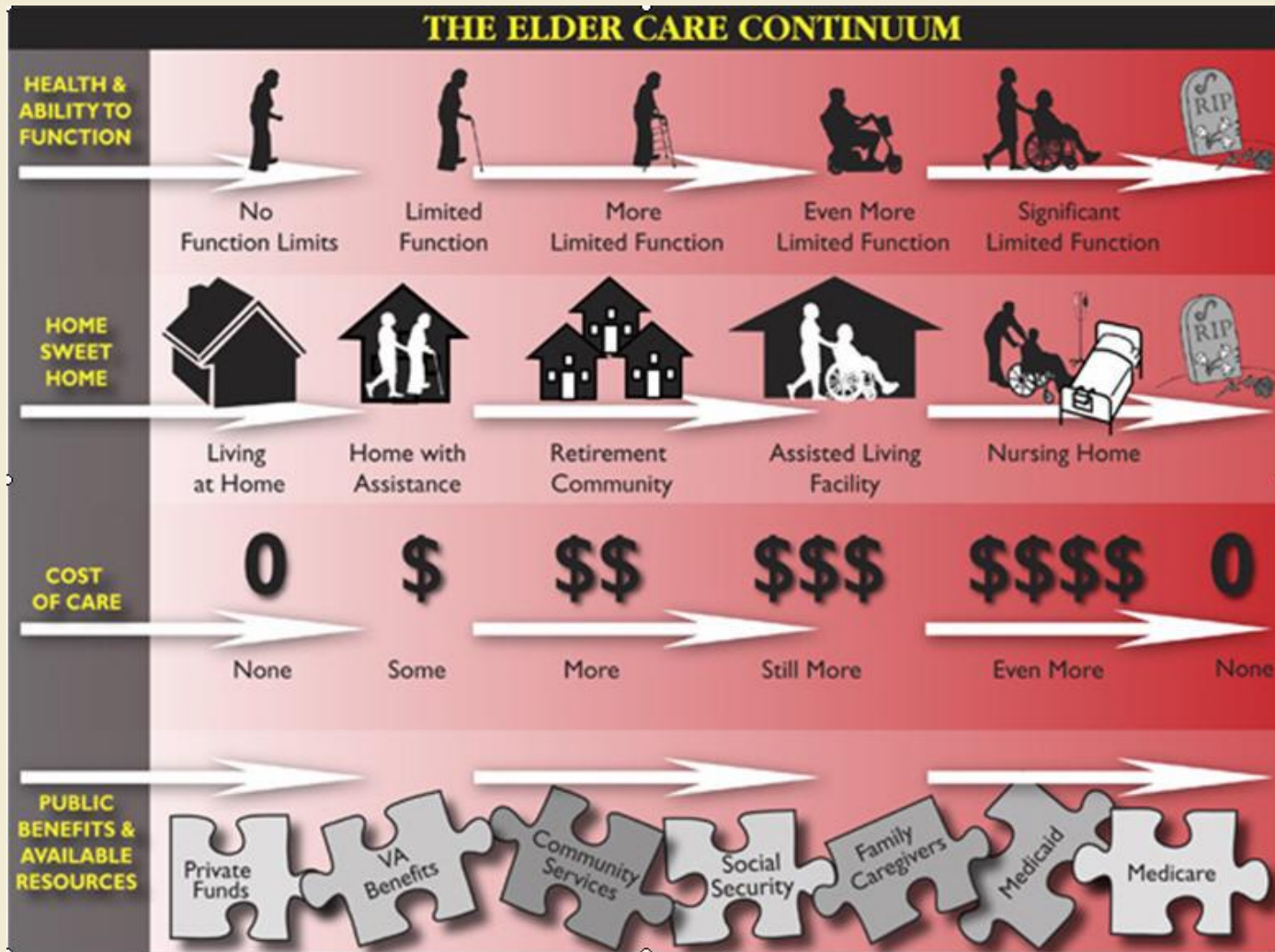
Some simple math, \$10,000 per month at the
average of 2.5 years equals **\$300,000.**

Life Care Planning

The Bridge



Life Care Planning



Paying for Long-term Care Costs

Who Pays for It?

- You
- Your Children
- Long-term Care Insurance
- Medicare (limited and only after qualifying hospital stay)
- Veterans Benefits
- Medicaid

What Does Medicaid Law Permit You to Keep?

- Assets \$2,000 (Married? Cut your assets in half)
- Personal Residence
- Pre-paid Funeral
- One Car
- Personal Belongings
- Small Amount Cash Value Life Insurance
- \$60 per month of income

Current Medicaid Law

- Changes the look-back period
- Places exemption limits on the value of an applicant's home
- Estate Recovery

Veterans Benefits

Requirements

- 90 days Active Duty
- One day during a Period of War
- Not Dishonorably Discharged
- LTC Costs Exceeding Income
- Resource Analysis

Benefit

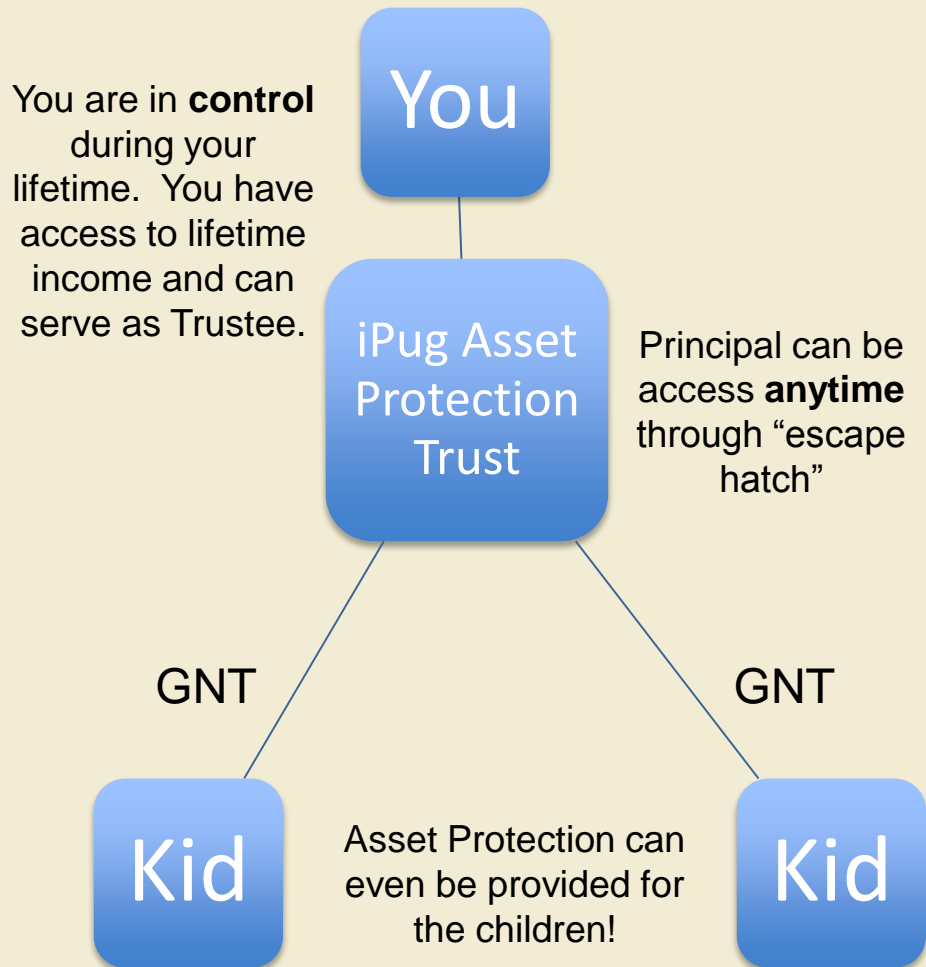
- Possibly \$2,120 per month, tax free.



What We Want to Avoid

- Running out of money.
- Leaving the home unprotected.
- Risking the health of family or spousal caregivers.
 - Family caregivers, especially spousal caregivers, are at far greater risk of serious health problems or death.

Protect with the iPug Trust



Protection Against

- Nursing Home Costs
- Long-term Care Costs
- Probate
- Lawsuits
- Divorces
- Bankruptcy
- Trustee Problems
- Taxes & Market Loss (APA)

Mary's Story

- 78 yr-old who recently lost her husband after a long battle with cancer.
- Her family wanted to make sure she would be taken care of in case her health should fail. Her 2 children live in different states and worry about her living alone.
- Mary owns a home and approximately \$225,000 in checking, savings and CDs
- Mary had a long term care policy that she had been paying for the last 20 years. Provided a daily benefit of \$75.

Planning for Mary

- Mary's Life Care Plan:
 - Keep the long term care policy.
 - Place a portion of her liquid assets, \$175,000, and her home into a iPug Asset Protection Trust that she, along with her kids would oversee and get funds from if needed.
 - Keep \$50,000 in a revocable trust that Mary would use for home repairs, vacations...anything she wanted.
 - Create super charged powers of attorney for health and financial decisions.

The Result

- If Mary's health should fail, she will have the long term care policy, her own funds, and her and her kids will have access to the iPug Trust funds.
- After 5 years (at most), all of the assets in the iPug (\$175,000) would be protected and would not be counted for Medicaid purposes, should Mary need residential long term care.
- If Mary becomes unable to make decisions for herself, the financial and health care agents that she named in the powers of attorney will step in and make decisions for her.

What if Mary's Husband Was a Veteran?

- If Mary was the surviving spouse of a wartime veteran (World War II, Korean War, Vietnam), she could be eligible for a cash payment of up to \$1,149.
- Her health would determine how much she would be eligible for.
- The same type of planning as shown in the earlier slide would need to be done to reduce her income and assets to an acceptable level.

What if Mary Was a Veteran?

- If Mary had served during a period of war and was discharged under conditions other than dishonorable, she could be eligible for up to \$1,789 from the VA.
- Similar planning would be done to get Mary's income and assets to an appropriate level.
- Her health would determine how much she was eligible for monthly.

If Mary Had Done Nothing

- Her home and all of her liquid assets (\$225,000) could be consumed by long term care costs.
- If she did not have a proper financial power of attorney, thousands could be spent on setting up a guardianship for her and the court would choose who makes decisions.
- There would be no funds that her children could access to make sure she is getting the best care possible and nothing would pass to them upon her death.

If Mary Had Done Nothing

- If a veteran or surviving spouse of a wartime veteran, she would have left thousands of dollars untapped.
- Her choices of care would be severely limited – nursing home care may be the only choice.

The Goal

- To age with dignity.
- To access the best care possible.
- To take control over who will manage finances if you are unable to and under what circumstances.
- To leave the legacy you choose, not what the state chooses for you.

The Next Steps

You have this information, now what?
Information by itself is useless.

Thank You



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