

# Compositions



## News From Your Advisor

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## Considering Long-Term Care Options

*Plan Now!* Understandably, many people put off planning for long-term care. Although it's hard to face the fact that health problems may someday result in a loss of independence, if you begin planning early, you'll have more options available if the need arises.

First and foremost, no one expects to need long-term care, but it's important to plan nonetheless. Why? First, because odds are high that you or your spouse will need it; second, no one can predict whether or not Alzheimer's disease will occur in their family; and lastly, a sudden and disabling accident has no age discrimination. The goal is for all of us to consider the options available, then make a decision that is best for our personal situation.

Many people mistakenly believe that the federal health insurance program for older Americans, Medicare, will pay for the costs of long-term care. But not so. Medicare only provides limited coverage (such as skilled nursing care or physical therapy) for a short length of time. Remember, Medicare is *health insurance*, to be used for treatments during a recovery, not for ongoing *custodial care* given by professional health care providers.

When working with your financial planner, you should always spend time exploring the many options available that address

the possible need to include long-term care expenses in your expected retirement cash flow. These options should include:

- **Should you buy long-term care insurance?** These policies protect you against a specific financial risk - the risk that your income will not cover the expense should it become neces-



sary. The cost of policies depends on your age, health, and the benefits you select. Make a point to look at the home-based care benefits, assisted living options or adult day care facilities.

- **Should you pay for the costs out of pocket?** This approach allows you the most control over the type of care, the location of the services, and who will provide the care. However, make sure you consider carefully the impact of these potential expenses over the long term. Average stays in nursing

homes or assisted living facilities are just that - averages. Your financial planner can help you visualize this impact on your cash flow over time.

- **Are there other options to consider?** Yes! As more Americans age and the costs of care rises, many insurance companies have responded with products that are more versatile or relevant for consumers. For instance, if you find yourself in need of life insurance *and* long-term care insurance, there are policies that combine a needed death benefit with a long-term care benefit. Some offer this through a rider to the policy for an additional charge. Your financial advisor or insurance agent can explain the pros and cons of this approach, but you must be healthy enough to purchase the coverage. Other insurance companies allow you to exchange an existing life insurance cash value for a new policy, or pay a lump-sum to create an immediate 'pool' of money for long-term care. This approach results in the comfort that you have money set aside not only for your care, but for your heirs if you do not use the 'pool'.
- **Are there tax considerations?** You may be able to offset the cost of premiums by claiming a tax deduction. Or, in some cases, gifting a policy may be an appropriate estate planning tool. Please consult your tax advisor.

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# Mom? Dad? We Need To Talk

Although most adult children have the best intentions, difficulties often arise when the 'help' of the children takes away the parents' feeling of control.

Children often feel that they are in a better position than their aging parents when it comes to decision-making, and many times try to take charge of their elderly parents' lives. However, this is the opposite of what the aging parent wants. The very idea of someone telling them what to do, or listing options to consider, is a stressor for many. So what can you do without starting a squabble?

**Start while the parents are in good health and active.** Once health issues are a concern, adult children become frustrated with their parents as they try to make the decisions for them. Try to focus on what the aging parent expects or envisions for their future. Ask them their preferences in times of illness - do they want major surgeries or procedures? Do they have a DNR (Do Not Resuscitate) order? Who do they want to make medical decisions for them if they are unable to decide for themselves?

**Ask them for advice.** For many years, the children came to the parents for advice, guidance, suggestions or feedback. Now that the parents are aging, many adult children damage their relationships with their

parents instead by continually offering advice, guidance, suggestions and feedback to the parent. Elderly parents often dwell on what they cannot do and how their age has brought about new challenges such as decreased mobility, increased fatigue and poor health. As such, they often feel useless and that there is nothing that their grown up children need from them. Start drawing from your parents' storehouse of knowledge and wisdom and you may see a change in their outlook on life.

**Remember that they are still in charge of their lives.** Understand that your parents want to remain independent and form your conversations in a way that promotes that goal. Your job is to learn and listen to what your parents want, not dictate what you believe they *should* want. You can't bully your parents into following your advice. Nor can you blame or scold a parent for making lifestyle choices that may exacerbate either a health or financial problem.

**Get necessary documents.** Ask your parents where certain documents are located, but frame this conversation with respect. If they do not have the proper paperwork, be helpful by providing them copies of:

- Durable Power of Attorney for Health Care (DPAHC)



- Living Will
- Do Not Resuscitate (DNR) Order
- Durable Power of Attorney (DPOA)
- Will or Trust

#### Other helpful tips:

- Post important phone numbers next to their phone
- Safeguard their home
- Seek assistance from friends, relatives, community services and other support groups

**You will be there one day, too.** A simple exercise is to imagine that you are listening to one of your children offer you advice on what you need to do. Would you appreciate the approach if your child was speaking to you the way you are now speaking with your parents? Allow your parents to still feel as though they are adults, not children.

## Is It Time To Get Help?

If you are concerned about your parents' mental or physical capabilities, ask their doctor to recommend a facility for geriatric assessment. The evaluation determines capabilities for day-to-day activities, and then refers you and your parents to organizations that provide support.

If your parents are like most, where they live will depend upon how healthy they are. When the time comes that they can no longer live alone, you may need to find them in-home health care, a retirement community, or (especially if money is an issue) you may insist they live with you. Discuss these options with caregivers, family members and supportive organization professionals. These are stressful decisions for all involved.

Bottom line: talk with your parents while they are healthy, and listen to their priorities.

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**Orchestrating Your Long-Term  
Financial Success**