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## **TWO (MORE) PRINCIPLES OF LONG TERM CARE PLANNING**

This article is a follow-up to our prior article entitled “Two Principles of Long-term Care Planning” (see Articles page at [www.elderlawms.com](http://www.elderlawms.com)). That article pointed out that knowledge is the key to success of such planning and that professional help (particularly geriatric care management assistance) is crucial in saving time, money and stress. Two additional principles that apply to planning for long-term care recognize the benefits of obtaining all available financial resources and putting the plan in writing.

### **When Money is Available for Care, Caregiver Stress Is Reduced and Care Options Are Expanded**

While most families cannot (usually) print new money or create new wealth, it is vitally important to obtain all financial resources available to pay for good long-term care for their loved ones. Common funding sources for care needs include the following:

**Long-Term Care Insurance.** This insurance can pay for care at home, in assisted living or nursing home settings, for whatever period of time selected (3 years, 5 years, lifetime). Cost depends on features, and premiums continue to be charged (unless waived by beginning to draw benefits).

**Life Settlement.** Certain “life settlement” companies will purchase existing life insurance policies from the insured/owner. The benefit is immediate cash for the policy; the disadvantage is loss of the insurance benefit for the designated beneficiaries.

**Reverse Mortgage.** Persons age 62 or older can obtain money from a reverse mortgage lender against the equity in their home. The borrower must repay the loan if he/she moves from the residence, or the lender will sell the house to obtain repayment. If the mortgage is not paid back before the death of the property owner, the heirs must repay the loan in order to keep the house, or the lender will retain the property for repayment. The fees and expenses charged at the beginning of this loan are significantly higher than for conventional mortgage loans.

**Cashing Out Of a Principal Residence through Sale or Buyback Arrangement.** The owner(s) can sell the residence to obtain funds to move to retirement living apartment, assisted living or nursing home.

**Retirement Savings Accounts.** Funds can be withdrawn from 401K or IRA accounts by the participant. Medical costs (such as nursing home expenses) paid by the participant may reduce the income tax liability from withdrawing such funds.

**Life Insurance Arrangements.** There are recently-developed insurance policies that will allow the insured to draw a percentage of the death benefit amount (such as 6%) to pay for qualified long-term care costs, while keeping the policy in force to pay benefits at the insured's death.

**Medicaid Planning.** While the 2006 changes in Medicaid laws have limited certain planning techniques for Medicaid eligibility, there are legal strategies that may be employed to gain access to Medicaid funding for necessary skilled nursing care. The application of these strategies depends greatly on the specific family dynamics and financial circumstances of each particular case, and they must not be undertaken without help from an experienced elder law attorney.

**Private Home Care Arrangements.** An older parent can be taken into the home of other family members who are able and willing to provide sufficient care.

### **Success Is Assured through Written Agreements with All Parties Involved**

People planning for long-term care must make their wishes known to family or other involved caregivers. This can be done verbally, but wills and trusts (directing the intended disposition of assets) and powers of attorney and health-care directives (naming the persons who will make financial or health-care decisions if the older person becomes unable to do so) must be in writing to have legal effect. An asset protection plan or Medicaid qualification process must be in writing so the client and client's family know the steps that will be taken and the effects of each. And a "long-term care plan" should be written and will describe the roles of family members and the elder Care Manager, who will work with the client and family to ensure that the care needs are met in an effective manner. No plan is complete without a formal meeting and a written care agreement that is understood, agreed upon and retained by everyone involved. Everyone involved is also given instructions and checklists to follow when the time for care comes.

Our Elder Law Section can help you with all the planning matters mentioned above, and we employ a certified Professional Geriatric Care Manager to assist our clients with implementation of these plans. Let us help you or your clients identify and maximize financial resources, and prepare and carry out comprehensive care plans to assure the best quality of life and long-term care. To learn more about our complete Life Care Plan service that can empower the family and relieve care-giver stress, go to our website at: [www.elderlawms.com](http://www.elderlawms.com) and click on What We Do.