

## Planning ahead for long-term care expenses

People with Alzheimer's disease will likely need a higher level of care as the disease progresses. This type of outside care is called long-term care, and it can range from in-home assistance to skilled care in a residential facility. Planning ahead for long-term care expenses is one of the most important steps you can take.

Although critically important to the health and well-being of both the person with Alzheimer's and the caregiver, long-term care can be very expensive. The costs can get even higher when a person has a progressive illness like Alzheimer's disease. While private insurance, Medicare and Medicaid may cover some expenses, it is common for individuals and their families to have to cover some of the expenses for services, such as respite, home health and nursing home care out of their own pocket.

Advanced planning allows you to determine your choices based on available options and your financial situation. The following checklists will help you anticipate the costs of long-term care and plan how to pay for them.

### Gather financial and legal documents

Your first step is to collect and review all financial and legal documents, including:

- Wills.
- Medical and durable powers of attorney.
- Bank and brokerage accounts.
- Deeds, mortgage papers or ownership statements.
- Pension and other retirement benefit summaries.
- Social Security payment information.
- Stock and bond certificates.
- Monthly or outstanding bills.
- Insurance policies.

Studying these documents can help you get a handle on existing expenses, assets and income and identify papers that are not in place. Many of these necessary documents can be prepared without the help of a professional. However, if your situation is complex or you're not comfortable doing the work yourself, it's best to reach out to financial and legal advisers for help. They may also be able to help you uncover other financial resources and tax deductions to help pay for care.

### Estimate the costs of care

In planning for long-term care, consider all the costs you might face now and in the future. Alzheimer's is a progressive disease, and the type and level of care a person needs will change over time. Costs may include:

- In-home care services.
- Residential care services, including assisted living and nursing homes.
- Ongoing medical treatment not covered by insurance and treatment for other medical conditions.
- Prescription drugs.
- Personal care supplies.
- Adult day services.

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### Explore financial resources to cover costs

Consider both private and government resources when planning for long-term care. These include:

- Insurance, including government insurance programs.
  - Medicare or a supplemental insurance policy.
  - Disability insurance from an employer-paid plan or personal policy.
  - Group employee plan or retiree medical coverage.
  - Life insurance and long-term care insurance, which is usually not available for purchase after symptoms of Alzheimer's disease appear.
- Government help.
  - Social Security Disability Income (SSDI) for workers under age 65.
  - Supplemental Security Income (SSI).
  - Medicaid.
  - Veterans' benefits.
  - Tax deductions and credits, such as the Household and Dependent Care Credit.
- Community support, including low- or no-cost support services, respite care, support groups, transportation and meal delivery.
- Retirement benefits, including individual retirement accounts (IRAs), employee-funded retirement plans, such as a 401(k), 403(b) and Keogh.
- Personal savings and assets, including stocks, bonds, savings accounts, real estate and personal property, such as jewelry or artwork.

### Long-term care insurance

Once an individual is diagnosed with Alzheimer's, he or she will likely not qualify for long-term care insurance coverage. If long-term care insurance is already in place upon diagnosis, carefully review the policy to find answers to the following questions:

- Is Alzheimer's covered? Most policies say they cover the disease, but take a closer look to be sure.
- When can the person with dementia begin to collect benefits? Most policies require a defined level of physical or cognitive impairment.
- What is the daily benefit, and is it adjusted annually for inflation?
- How long are benefits paid?
- Is there a maximum lifetime payout?
- What kind of care will the policy cover? Examples include skilled nursing home, assisted living and licensed home care.
- How long after diagnosis will the policy begin to pay? This is often called the elimination period.
- Are there tax implications for receiving this money?

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