The Law and You
Planning For Long-Term Care

Many of us are retiring at an older age. Full Social Security Benefits are being delayed until a later age. We are living longer.

Given these facts, at what age is it appropriate to begin planning for one's retirement? Should we begin at age 21? Or at age 35? What about age 40 or 50? Equally important and the subject of this column, at what age should we begin to plan for our own long-term care?

There is no clear or easy answer to this question. Nor is it necessarily the same age for everyone.

In an earlier column, I discussed trends occurring in our aging society: "Despite our independent spirit, there will likely come a time when we will become dependent on our children or others for our daily care. Alternatively, we may eventually reside in a retirement or assisted living community, or, we may someday be forced to live in a nursing home."

Given the smaller size of our families, the changes in our life styles, and our every increasing mobility, it is less likely that our children will be able or willing to care for us. Many of our children now live in areas of the Country. They are engaged in pursuing their careers. Or, they may have financial and physical problems that make it impossible to care for us. As a result, we need to make plans for our own long-term care.

There are many factors to consider in formulating a long-term care plan. First, and perhaps most obvious, is an assessment of our financial resources. What retirement income will we have? How much will my IRA or my 401(k) provide in monthly income? Will I have a pension?

Do I own a home. If so, should I sell it and purchase a smaller home or a condominium? Are there tax consequences related to these financial considerations? There are many more financial issues to consider, but these are some of the major and more obvious ones.

Other factors to consider relate to our willingness to change our living conditions and style. We may have lived for decades in the same home. We may be inflexible about moving to a smaller home elsewhere.

Perhaps we should consider moving to a retirement community. How about living with one of our children? These are very personal questions that we must answer before we can develop a long-term care plan for ourselves.

A couple of examples may help. Assume that your income is more than sufficient to meet your regular monthly expenses at this time. If so, how much more could you put toward (1) savings; (2) an IRA; (3) a 401(k) Plan; (4) paying down or paying off debts sooner than otherwise; or (5) purchasing long-term care insurance. Each of these options help plan for long-term care.

Most of us want to preserve as much of our estate as possible (perhaps for our children). If so, long-term care insurance may be the best option. Such plans have become more plentiful and affordable in the past few years. Persons in their late fifties may be able to purchase such insurance for less than \$100-\$200 per month.

But what about those who may be barely getting by on present income? What can they do? Options will of course be more limited than if income is higher. However, you can still evaluate what alternatives you have. For instance, suppose you own your home but have very little in the way of liquid assets. You could use the equity in your home to increase your long-term monthly income through a reverse mortgage; or, you could sell your home and rent. The proceeds from the sale of a home can be used to purchase a life-time annuity with guaranteed monthly payments.

Whatever you do and whenever you do it, you should begin the process of thinking about long-term care. The more planning and preparation for it, the greater the quality of care you will enjoy—whether that care is in your own home, in a child's home, or in an institution.

It is best to consult with an Elder Law Attorney or an attorney concentrating in estate planning. If needed, check with the National Academy of Elder Law Attorneys at (520) 881-4005, or your local Yellow Pages.