



Managing Long-Term Care in Retirement

*Family Guide to Preparing for the Physical, Financial
and Emotional Impacts of Alzheimer's and Dementia*

Every 66 seconds, another American is diagnosed with Alzheimer's disease.

It's not only the 6th leading cause of death in America, but the only disease among the Top 10 that can't be stopped, slowed down or prevented.¹ Over time, Alzheimer's and related dementia rob those suffering from it of their independence, memories, and in many cases, their financial well-being. **In 2015, American**

families caring for adults suffering from Alzheimer's and other forms of

dementia spent an average of \$5,000 a year.² At the same time, 15 million family members caring for loved ones suffering from cognitive impairment provided 18.1 billion hours of unpaid care to loved ones, according to the Alzheimer's Association.

While Alzheimer's and related dementia are far from the only illnesses that may require costly long-term care in retirement, the incidence of the dementia-related disease has grown at an alarming rate in recent years as more Americans are living well into their 80s and 90s. In fact, a government study reported that **5% of people ages 71 to 79; 24.2% of people 80 to 89; and 37.4% of those 90 years or older were estimated to have some type of dementia.**²

What is Alzheimer's Disease?

Alzheimer's is the most common form of dementia, a general term for memory loss and other intellectual abilities serious enough to interfere with daily life. Alzheimer's disease accounts for 60 to 80 percent of dementia cases. While Alzheimer's is not a normal part of aging, the greatest known risk factor is increasing age. The majority of people with Alzheimer's are 65 and older. However, up to 5% of people with the disease have early onset Alzheimer's, which often appears when someone is in their 40s or 50s.¹

While the facts and figures may be distressing, the good news is that more tools and resources are available today than ever before to help those caring for loved ones with dementia. This includes much-needed financial guidance from Wealth Advisors who are well-versed in helping families plan for and manage the financial costs associated with long-term care in retirement.

This guide is designed to provide the education and tools needed to:

- Understand the many ways Alzheimer's and dementia impacts families
- Prepare important legal and estate planning documents
- Learn about resources available for patients, caregivers and their families
- Plan for the significant costs associated with caring for a loved one with dementia
- Manage the financial risks associated with healthcare costs in retirement

One in nine people age 65 and older has Alzheimer's disease.¹

THOUGHTFUL PLANNING NOW LEADS TO LESS STRESS LATER

Caring for a loved one with dementia can be highly stressful for caregivers and family members. And trying to navigate complex financial and legal hurdles once a loved one is diagnosed only adds to stress levels. Taking steps now to prepare should a loved one be diagnosed with dementia can go a long way toward reducing anxiety, resulting in more time spent enjoying the precious time you have together.

Ideally, planning for the future should take place as early as possible, allowing individuals who may be diagnosed with dementia to:

- Express their wishes and preferences regarding long-term healthcare options

- Make informed decisions about the disposition of real property (homes, cars, boats)
- Designate decision-makers for their personal and healthcare needs, as well as for legal and financial matters
- Ensure all necessary legal and estate planning documents are in place and up-to-date

Watch for These 10 Warning Signs³

To help determine when an older adult may need assistance in the home, or in managing their personal affairs, consider this list of 10 warning signs.

1. Changes in eating habits, resulting in weight loss, appetite loss or missed meals
2. Neglecting personal hygiene
3. Noticeable changes in home cleanliness, tidiness and sanitation
4. Inappropriate behavior: being unusually loud, quiet, paranoid or agitated
5. Changes in relationship patterns, causing friends and neighbors to express concern
6. Physical injuries: burns or bruises resulting from falls, forgetfulness or misuse of alcohol or medication
7. Decreased (or ceased) participation in activities that were once enjoyable: bridge or book club, dining with friends, attending religious services
8. Unopened mail, unfilled prescriptions or missed appointments
9. Mishandled finances: late notices, unpaid bills; paying bills more than once; losing or hiding money
10. Unusual purchases such as multiple subscriptions to the same magazine; making an unusually large number of purchases from television advertisements

Early planning allows you to work together with your Wealth Advisor to assess your financial resources, including your income, assets and insurance to make sure your long-term care plans and preferences are realistic and can be funded.

On average, care contributors lose over \$15,000 in annual income as a result of reducing or quitting work to meet the demands of caregiving.¹

COPING WITH THE SHORT AND LONG-TERM FINANCIAL CHALLENGES OF DEMENTIA

Many financial challenges accompany a diagnosis of Alzheimer's or other forms of dementia. According to the Alzheimer's Association, difficulty keeping up with bill payments and balancing the checkbook rank high among the early warning signs of dementia. Yet, in the early stages of the disease many people are reluctant to ask for assistance, equating the need for help with relinquishing their independence.

If you are a caregiver for a spouse or parent suffering from dementia, there are several steps you can take to provide increased oversight in a manner that doesn't threaten your loved one's independence.

- Meeting with their financial and legal advisors to obtain a clear view of their current finances and discuss future financial and estate planning needs
- Setting up automatic bill payments to remove the worry of late payments
- Adding yourself as an interested party on investment accounts to receive copies of account statements
- Encouraging your loved one to consolidate and/or close unused credit card accounts (this may result in a slight drop in their credit score, but can go a long way toward reducing the possibility that they will be the victim of a scam or identity theft)

- If your non-spouse loved one prefers to hand over day-to-day financial management to you, make sure a durable Power of Attorney (POA) document is in place, enabling you to act on their behalf

ESTATE PLANNING IS KEY

In most cases, spouses making financial decisions on behalf of their partners can do so easily, assuming property and financial assets are held in trust or jointly. However, if you've been appointed as power of attorney (POA) for a parent or relative diagnosed with Alzheimer's or another form of dementia, it's critical that all necessary legal documents are in place to act on your loved one's behalf when making financial and healthcare decisions.

Take these steps now to avoid legal hurdles later:

1. Meet with your loved one's financial and/or legal advisors to review all estate planning documents to make sure they are up-to-date, including POAs, healthcare directives, will, living will and trust documents.
2. Ensure POA documents are written to be "durable," meaning they are valid even after the principal is deemed incapacitated or cognitively impaired.
3. If updates are needed, meet with your loved one's attorney as soon as possible; if your loved one has already been diagnosed with a cognitive impairment, the attorney can advise on the level of legal capacity required for your loved one to sign various documents.
4. Keep all original documents in a bank safe deposit box or another safe location.
5. Make sure you also have copies available of your loved one's will, trust, POAs and healthcare directives.
6. If you have not been named as your loved one's POA, executor or successor trustee, make sure you know who is named and have current contact information for those individuals.

Is Your Estate Plan Current?

Your Wealth Advisor can provide you with a second opinion to determine if your estate planning documents are up-to-date, aligned with your legacy goals and compliant with the most recent state and federal tax laws and regulations.

WHEN A WILL IS NOT ENOUGH

While a will is an important estate planning tool, it is not designed to offer certain protections available under a trust. One key difference between a will and a trust is that a trust can include an incapacity clause stating who you want to manage your affairs in the event you are unable to do so during your lifetime. A will can determine who may receive your assets outright; however, a trust provides the opportunity to designate how and over what time period or at what age property or assets may be dispersed to heirs. This can be very important when beneficiaries are minors, or in the event you want to place specific parameters on the amount of assets adult heirs may access over a given time period. Trusts can also be used to help ensure proper management of your assets during your lifetime.

- **During your lifetime**, you are the trustee of your trust. You're free to manage the property or assets in your trust in the manner you choose. A trust created and funded during your life is generally called a "living" or "revocable" trust.
- **In the event you are incapacitated**, a trust can help ensure that your needs continue to be met and that your finances are kept in good order for your benefit.
- **Upon your death**, a trust becomes "irrevocable," and your assets are managed and distributed by your trustee, in accordance with your instructions, throughout the trust's existence.

In 2016, Alzheimer's and other forms of dementia were estimated to cost the nation \$236 billion.¹

IMPORTANCE OF KEEPING FAMILY MEMBERS IN THE LOOP

Knowing where to find important legal documents and financial information can help reduce stress in a time of crisis. No matter your current age or health, it's important to ensure that trusted family members:

- Are aware of any advance directives, including living wills, which specify wanted and unwanted procedures and do-not-resuscitate (DNR) orders.
- Know the location of wills, trust documents, birth certificates, marriage certificates, Social Security information, life and long-term care insurance policies, financial documents, keys to a safe deposit box, etc.
- Understand your wishes and preferences regarding long-term and end-of-life care, as well as funeral arrangements.

Nearly one in every five Medicare dollars is spent on people with Alzheimer's and other dementias. In 2050, it will be one in every three dollars.¹

A few words about POAs...

Many people mistakenly believe that a Power of Attorney (POA) can be used to handle a loved one's financial affairs following their death. However, all POAs cease upon the death of the grantor. A POA is a tool used to grant legal authority during the grantor's lifetime, in the event the grantor is no longer able to handle his or her affairs or make competent decisions in his or her own best interest.

POAs clearly outline the extent of powers granted to the agent. The grantor maintains the right to make his or her own decisions as long as he or she possesses the legal capacity, even if others believe they are poor decisions. In many cases, estate planning documents dictate that the grantor may only be deemed mentally incapacitated following examination by one or more medical professionals.

GETTING THE HELP YOU NEED, WHEN YOU NEED IT

There's a reason flight attendants advise passengers to place their oxygen masks on before attempting to assist others. If you pass out, you're not much help to those around you. Yet, one of the biggest mistakes well-meaning caregivers make is failing to raise their hands and ask for help when they need to come up for air. This is particularly true when the caregiver is a spouse or an adult child of a loved one with Alzheimer's or dementia.

Dementia is a degenerative disease that not only impacts memory, but over time, cognitive reasoning, judgement and mobility. Those suffering from the disease eventually lose the ability to do many of the things we take for granted, like feeding themselves, telling time and distinguishing night from day. The result can be exhausting for caregivers who find themselves "on-call" 24/7.

Helpful Websites

Visit the following websites for additional information and resources for caring for a loved one with dementia.

The Alzheimer's Association
www.alzheimers.org

Alzheimer's.gov
www.alzheimers.gov

Alzheimer's Foundation of America
www.alzfdn.org

Eldercare Locator
www.eldercare.gov

Medicare
www.medicare.gov

Social Security Administration
www.ssa.gov

In many cases the psychological aspects of caregiving can take an even greater toll on caregivers than the physical drain. As dementia progresses, loved ones may increasingly experience paranoia, delirium and hallucinations; fail to recognize family members and caregivers; become withdrawn and non-verbal; or exhibit uncharacteristically hostile or even violent behavior.

Fortunately, as the number of Americans afflicted with Alzheimer's and related dementia continues to grow, the number of public and private organizations and associations offering services, information and support has grown as well.

A broad range of government, not-for-profit and private organizations offer online directories for locating adult daycare, in-home care and retirement and nursing care facilities by zip code, as well as access to service providers who can help with paying bills, house cleaning, transportation and other eldercare needs.

However, one of the areas many continue to struggle with is managing the costs of long-term care. All too often, they're left with more questions than answers, including:

Have we saved enough to cover our potential healthcare costs in retirement?

If my spouse suffers a serious illness, will I have enough left to meet my living expenses?

What happens if the cost of long-term care exceeds our monthly income in retirement?

How can I ensure I don't become a financial burden for my children?

Should I/we purchase long-term care insurance?

Do we have the right legal documents in place to protect our wishes, finances, and legacy?

Approximately two-thirds of caregivers are women and 34% are age 65 or older.¹

MANAGING THE FINANCIAL IMPACTS OF LONG-TERM CARE

Providing answers to these and other important questions is where your Wealth Advisor can add significant value. Your Wealth Advisor strives to help you make important life decisions that not only impact you and loved ones today, but in the years to come.

One of your Wealth Advisor's primary goals is to replace worry with confidence through proactive planning in these and other important areas:

- Review your estate planning documents to ensure everything is in place and up-to-date
- Develop strategies to help protect and grow your income and financial assets
- Develop a long-term care strategy aligned with your care goals and lifestyle preferences
- Test multiple scenarios using sophisticated financial planning and risk analysis software, enabling confident decisions about the future you desire
- Help you determine if long-term care (LTC) insurance is appropriate for your needs and budget
- Coordinate the advice and strategies from your legal and other professional advisors
- Educate family members, as needed, to assist you in managing your day-to-day finances and budget
- Serve as a point of contact for family members so they can assist in carrying out your legacy goals now, and when you're no longer able to do so yourself

Your Wealth Advisor is here to answer your questions and provide the objective guidance you seek in a manner emphasizing compassion, confidentiality and genuine concern for your well-being.

By mid-century, someone in the United States will develop the disease every 33 seconds.¹

What is Long-term Care Insurance?

Many people are surprised to learn that Medicare doesn't cover long-term nursing facilities or in-home care. Long-term care (LTC) insurance was developed to help offset the high costs of certain types of care services and support that are not covered under Medicare or supplemental healthcare insurance policies such as personal and custodial care in a variety of settings.

LTC policy costs are generally based on:

- How old you are when you buy the policy
- The maximum amount that a policy will pay per day
- The maximum number of days (years) that a policy will pay
- The lifetime maximum amount that the policy will pay
- Any optional benefits you choose, such as benefits that increase with inflation

LTC coverage may not be available to individuals with certain pre-existing conditions. It's best to consult with your Wealth Advisor to determine whether LTC insurance is the right strategy for your needs.

¹ Alzheimer's Association, 2017

² National Institutes of Health (NIH), 2017

³ Eldercare.gov, 2017

Most people leave their financial advisor confused about what's happening with their money.

Our advisors are just as good at explaining investments as they are at making them. Our clients fully understand what's happening with their money at every stage of their financial journey.

How we make the complex simple:

- Straightforward Fees
- Effective Game Plan
- Advice in Common Language

Our goal is to make your life easier. We exist to serve as your guide for life's big tradeoff decisions and by working with us, we want you to be confident you made the right decisions.

Wealth Designed. Life Defined.[®]

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