



Revisiting Elder Care Issues

It is no longer unusual for people to live 20 or more years beyond normal retirement age. Consequently, when seniors reach their eighties and nineties, plans that were satisfactory at age 65 often require a second look. Areas of concern to older seniors and individuals with aging parents or loved ones include asset management, health care, and living arrangements.

Managing Assets

Many older seniors may lose the cognitive ability to manage their assets. A variety of arrangements are possible to transfer that responsibility to others. Among them are the following:

Revocable and Irrevocable Trusts. Seniors who wish to *retain control* over their property, while delegating the daily management to others, may wish to consider a **revocable trust**. This arrangement allows the senior to monitor the management of his or her assets, yet offers the flexibility to change the trust as needs and circumstances warrant. As added protection, a revocable trust may remain unfunded, as long as the senior is legally competent. Alternatively, an individual who is willing to *relinquish* ownership of assets altogether could establish an **irrevocable trust**.

Durable Power of Attorney. This mechanism allows seniors to designate a trusted relative or friend to make legal and financial decisions for them in the

event of disability or cognitive impairment. The powers granted may be limited or broad in scope, and they may vary from state to state. Some financial institutions are reluctant to recognize durable powers of attorney, so it is worthwhile to thoroughly explore this option beforehand.

Informal Arrangements. Some seniors transfer property *informally* to their heirs—in many cases free of gift taxes—in exchange for being taken care of for the rest of their lives. This arrangement, however, should be approached with caution. Even well-meaning adult children may unintentionally deplete assets through poor management, divorce, or creditor claims. Once the assets are gone, the senior could become dependent on the goodwill and financial assistance of relatives.

Health Care

With health care costs rising and people living longer than ever before, seniors of advanced age need to anticipate the possibility of high medical costs. The Federal government provides *some* health care benefits through the **Medicare** and **Medicaid** programs, but seniors need to understand the coverage those programs provide and what costs they will need to pay themselves.

Medicare Part A covers inpatient services at hospitals and other health care facilities.

It is provided automatically, at no cost, for seniors age 65 and older who are eligible for Social Security, and at a substantial cost for those who enroll independently. **Medicare Part B** provides additional health care coverage that is *optional* and must be paid for separately.

Eligibility for **Medicaid**, which covers long-term nursing home care, depends on financial need. Seniors may require professional assistance in managing their income and resources in order to meet Medicaid's strict eligibility requirements.

Living Arrangements

Older seniors, who are able to care for themselves and have the means to do so, may wish to remain in their own homes. Community services may be available to help prolong the period of independence.

However, elders who are unable to live independently have several alternatives. **Assisted living/residential care facilities** provide a protected environment with an atmosphere of independent living.

Generally, daily meals are provided in a communal dining room, and minimal assistance with activities of daily living, such as with washing, dressing, or taking medication is available. **Continuing care communities** offer a combination of independent living and health care support. If family members work, **senior daycare centers**—either publicly or privately funded—can provide opportunities and activities to alleviate monotony and promote social and cognitive stimulation. In some cases, hiring in-home help may be the solution.

Periodically Review Plans

Aging seniors and/or family caregivers are advised to periodically review existing financial, health care, and living arrangements. In the transition to the later stages of life, changing needs and concerns often require revisiting prior plans and updating or revising them accordingly.