



Protecting Assets from Long-Term Healthcare Costs

According to Cynthia Conger, a certified financial planner, if a person is retired, there is more than a 40% chance he or she will enter a nursing home. What if your parents need to stay in a nursing home? Where would the money come from? Have they saved enough?

Nursing homes can cost as much as \$50,000 a year and most health insurance companies no longer cover this cost. Years ago, the government would have paid for most of the bill through Medicare or Medicaid. Today, however, Medicare pays full benefits for only a maximum of the first 20 days in a Medicare-approved facility. By the time your loved one has been in the nursing home for 100 days, a little more than three months, Medicare payments will have scaled back to zero.

Medicaid sometimes helps pay for nursing home care, but to be eligible to receive benefits, patients cannot have non-exempt assets over \$12,000 depending on state law. In addition, patients are required to contribute Social Security checks towards nursing home care and may keep only \$30 a month for personal use.

It is all too common to see an individual's savings depleted and the family put under the burden of paying for the care or taking the loved one into their home to give care themselves.

If you find your parents don't have enough money to provide long-term care, or you want to protect their assets, here are some options:

Earmark Existing Assets

Set aside the principal or interest of some of your savings, then be disciplined enough not to use them for any other purpose.

Begin a Systematic Savings Program

You can make regular contributions to a cash reserve account established solely for the possibility of a nursing home stay. The problem is that you may not save enough by the time you need the money.

Apply for Long-Term Care Insurance

This type of insurance can be a great help. The older and more ill your parents are, the less likely they will qualify. For this reason, it is a good idea to begin planning now.

Other options include home equity conversions, irrevocable trusts, caring for your elderly parents yourself, or in the extreme, having a parent become a ward of the state. This is something most families do not think about until it is forced on them, but by that point, things can get out of control very quickly. This is a decision that can easily be put off. But if you wait too long, you may end up trying to salvage what is left of the legacy that your parents spent their lives building for their children and grandchildren.

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