July 2011 Newsletter **Volume 3, Issue 7**

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CT Care Planning Council

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In This Issue

The Connecticut Care Planning Council (CTCPC) lists companies and individual providers on our website who help families deal with the crisis and burden of long term care.

One purpose of the CTCPC is to educate the public on the need for care planning *before* a crisis occurs. A second purpose is to provide, in one place, all of the available government and private services for eldercare.

Finally, our ultimate mission is to offer a trusted listing service that the public will recognize and turn to for expert help in dealing with the challenges of long term care.

Call us at 860-769-6938

or click **here** **to send an e-mail**

Elaine Pavasaris

John Carmon

Greg Czapiga

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Event Calendar:

VA Aid & Attendance Seminars

Weatherby & Associates, PC
Counselors at Law
Helping Families Preserve and Protect Assets and Values

Adult Children Losing #3 Trillion in Caring for Aging Parents

Americans who take time off work to care for their aging parents are losing an estimated $3 trillion dollars in wages, pension and Social Security benefits, according to a new MetLife study. Meanwhile, the percentage of adult children providing basic care for th eir parents has skyrocketed in recent years.

Nearly 10 million adults age 50 and over care for an aging parent, MetLife says. For the individual female caregiver, the cost impact of caregiving on in terms of lost wages, pension and Social Security benefits averages $324,044. For male caregivers, the figure is $283,716.

The study also identified a dramatic rise in the share of men and women providing basic prenatal care over the past decade and a half. in 1994, only 9% of women and 3% of men were providing care. By 2008, the percenrage of women caregivers had more than tripled to 28 %, while the figure for men had quintupled to 17%. "Basic care" is defined as help with personal activities like dressing, feeding, and bathing. Daughters are more likely to provide basic care and sons are more likely to provide financial assistance, the study found.

"Undoubtedly, the impact of the aging population has resulted in increased need within families for family caregiving support," the study

July 14, 2011
101 Bickford Extension
Avon, CT
9:00 - 10:00 AM

Offers & Info:
Veterans Aid & Attendance Benefits

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34 Jerome Avenue, Suite 310
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notes.

At the same time, MetLife found that adult children age 50 and over who work and provide care to a parent are more likely to have fair or poor health than those who do not provide care for their parents.

The study was based on an analysis of data drom the 2008 National Health and Retirement Study (HRS).

The findings have implications for individuals, employers and policymakers, MetLife concludes. Individuals, it says, should consider their own health when caregiving and should prepare financially for their own retirement. Employers can provide retirement planning an d stress management information and assist employees with accomodations like flex-time and family-leave.

On the policy side, although only a few states mandate paid family and medical leave, "clearly this plicy would benefit working caregivers who need to take leave to care for an aging parent," the study notes. MetLife also notes that the CLASS act, a voluntary long-term care insurance program that is part of the new federal health reform law, will provide some coverage for long-term care needs as well as raid public awareness of the issue.

How To Protect The Family Home From Medicaid Recovery

Because the home is the largest asset a couple can keep while still qualifying for Medicaid, it is also usually the main target of estate recovery.

Sidney and Rachel's Story:
Sidney and Rachel had lived in their home since it was new. They built it just after Sidney got a

promotion to regional sales manager for a shoe distributor. Through the years, the house was remodeled twice and expanded to add a loft bedroom. Even when their children were grown with families of their own, they all remained close, with frequent family gatherings for holidays and birthdays.

Sidney and Rachel had paid off the mortgage and two second mortgages before Sidney retired. So in addtion to being the center of family life, the house had also become the couple's biggest asset.

Rachel always hoped the house would remain in the family when she and Sidney were gone. She ofen talked about leaving it to their oldest son, Mark, who promised that he and his wife would continue the tradition of hosting the family for holidays and birthday dinners. However, as Disney's Alzheimer's disease progressed, Rachel worried that Sidney would need to move into a nursing home. With the high cost of long-term care, Rachel knew their savings wouldn't last long. Sidney would eventually need to qualify for Medicaid to pay the bills.

Her biggest question was, "Will I lose my home?"

A common question Indeed

For a great many people who need Medicaid benefits for long term care, the home makes up most of their life savings. Often, it's all a couple has to pass on their children.

You may not know that the home is an exempt asset according to Medicaid. It continues to be exempt as long as the community spouse lives there. However, after both the ill spouse and the health spouse pass away, the property may no longer be protected.

What is Estate Recovery?

Accoding to the omnibus Budget Reconciliation Act of 1993 (OBRA-93), the state has the right to take back whatever it paid for the care of a Medicaid applicant. And becuase you have to be "broke" to qualify for Medicaid, usually the only property of substantial value that a person on Medicaid is likely to own when they die is their own home. When OBRA-93 was

passed, each state established an Estate Recovery unit (ERU) to go out and find what assets they can take back from those that received Medicaid benefits!

Because the home is the largest asset a couple can keep (while still qualifying for Medicaid), in most states it is also the main target of estate recovery.

After both the community spouse and the ill spouse die, the state's estate recovery unit has the authority to take just about any property that the Medicaid recipient had their name on. In most cases, that means going back to the house.

For example, if Sidney dies before Rachel after living in a nursing home for two years and Medicaid has paid the nursing home $3,000 per month, the state will have paid $72,000 for Sidney's care ($3,000 per month times 24 months). If the family home where Rachel lives is worth $100,000, the state would have a claim for the first $72,000 that comes from the sale of the house.

So, the house is protected while Rachel is alive. However, when she passes, the state may force the sale of the house. Whatever's left over after Medicaid is paid back ($100,000 minus the $72,000 take out to repay Medicaid) would go to their children.

A Married Couple Strategy For Protecting The Family Home From Recovery

According to federal law, a married Medicaid applicant is allowed to transfer the home to his or her spouse - without any penalty. Once the transfer is made (meaning the ill spouse no longer has any interest in the house), the community spouse may be able to make some changes to that asset. In some states the community spouse can even give the house away!

That sort of gift, of course, would create a period of Medicaid ineligibility if the community spouse needs nursing home care within the five-year look-back period.

The family home remaind one of the most difficult assets to protect because of timing, but there are

proven strategies that make it possibly to protect the home from Medicaid Recovery.

The Society of Medicaid Planners offers a free download of their report "Medicaid Secrets Revealed" by Dan Stemen. The report offers information on qualifying for Nursing Home Medicaid without losing the family home to recover or spending down your life savings.

The National Care Planning Council provides a resource for long term care planning with educational information and lists of professional elder care service providers.

Wisdom from the Web

"You are as young as your faith, as old as your doubt; as young as your self-confidence, as old as your fear; as young as your hope, as old as your despair."
~Douglas MacArthur