

Planning Ahead for Long-Term Care Expenses

Caring for someone with Alzheimer's disease can be taxing and physically exhausting. There will likely come a time when you will need to turn to outside help. This is called long-term care, and it can range from in-home assistance to skilled care in a residential facility.

Although critically important to the health and well-being of both the person with Alzheimer's and the caregiver, long-term care can be very expensive. The costs can get even higher when a person has a serious illness like Alzheimer's disease. Individuals and their families typically pay for services such as respite, home health and nursing home care out of their own pocket; but nursing home care can easily top \$70,000 year.

Reducing the financial stress of paying for long-term care requires advance planning. This checklist will help you anticipate the costs of long-term care and plan how to pay for them.

Gather financial and legal documents

Your first step is to carefully go over all financial and legal documents including:

- Wills
- Medical and durable powers of attorney
- Bank and brokerage accounts
- Deeds, mortgage papers or ownership statements
- Pension and other retirements benefit summaries
- Social Security payment information
- Stock and bond certificates
- Monthly or outstanding bills
- Insurance policies

Studying these documents will help you get a handle on existing expenses, assets and income, and help you identify any necessary documents that are not in place. Professional financial and legal advisers can assist you with this task. They can also help you identify financial resources and tax deductions to pay for care.

Estimate the costs of care

In planning for long-term care, consider all the costs you might face now and in the future. Alzheimer's is a progressive disease, and the type and level of care a person needs will change over time. Costs may include:

- Ongoing medical treatment
- Treatment for other medical conditions
- Prescription drugs
- Personal care supplies
- Adult day services
- In-home care services
- Residential care services, including assisted living and nursing homes

Explore financial resources to cover costs

A number of assets and non-traditional financial resources are available to help cover the costs of long-term care. These include:

- Insurance, including government insurance programs such as Medicare and Medigap; disability insurance from an employer-paid plan or personal policy; group employee plan or retiree medical coverage; life insurance and long-term care insurance. It is usually impossible to purchase insurance after symptoms of Alzheimer's appear.
- Retirement benefits, including individual retirement accounts (IRAs), employee-funded retirement plans, such as a 401(k), 403(b) and Keough.
- Personal savings and assets, including stocks, bonds, savings accounts, real estate and personal property, such as jewelry or artwork.
- Government help, including Social Security Disability Income (SSDI) for workers under age 65; Supplemental Security Income (SSI); Medicaid; veterans benefits; and tax deductions and credits, such as the Household and Dependent Care Credit.
- Community support, including low- or no-cost support services, respite care, support groups, transportation and meal delivery.

Review your own finances

The person with dementia may not have all the money he or she will need to pay for care. Caregivers need to review their own resources and decide if they can provide financial assistance and how much.

- Review savings, investments and insurance plans
- Assess the need to increase life insurance or disability insurance
- Consider long-term care insurance, which can cover the costs for a nursing home, private home, assisted living or adult day center
- Study your workplace flexible spending account, as it could be used to cover medical costs of your dependents

The Alzheimer's Association is the leading voluntary health organization in Alzheimer care, support and research.

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