

Elder Law for Baby Boomers



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It used to be that Elder Law was focused on individuals in their 80s and 90s. We found in the last few years that the children of our older clients were so unnerved by what happened to their parents that they wanted to do some planning themselves. Additionally, we were finding that many people in their late 60s and early 70s (baby boomers) were coming down with illnesses previously associated with older age, such as Parkinson's and Alzheimer's. This led to some very interesting and important work.

Some of our boomers are still working, but many are now retired. Many of them have nice retirement plans or real estate or other investments. Some have vacation homes. Some have businesses, and many have life insurance. Most have taken their Social Security. For those boomers who don't fit this model, don't fret. We often see the boomers with assets to protect. The rest of us are still scraping by and trying to recoup from large-screen televisions and the college education we provided our kids.

So, is it reasonable or practical to offer elder law services to a "younger" client such as this? We think the answer is a resounding "yes." There are many things that we can do for someone who is still working that will greatly aid them later on when they face long-term care issues. And, by the way, almost 80% of us will

face some time of long-term confinement before we die. So, this planning is entirely within reason.

What are the questions to ask? Here is just a partial list:

1. What is the most beneficial time to take your Social Security?

Remember, when you take it has dramatic results on the amount you get each month. And remember, if confined to a nursing home, income must be spent down on care each month.

2. How should you choose your pension?

Do you have the option to take an annuity vs. a lump sum? How does each impact you if you require long-term care (see #1 above re: income)? Keep in mind that income cannot be saved but assets can. Should you choose a joint and survivor pension option?

3. When should you start drawing on your IRA or

401k? If you wait until you are 70 to take your Social Security, you will receive more, but in two more years, you are at an age where you are required to take money from your retirement accounts. This will affect your taxes as well as expose assets and income to long-term care costs. If you are a spouse of a boomer who becomes ill, your retirement plans are protected, but your required distributions are not. Distributions are counted as income and are used to calculate how much income you need.

4. How are your estate planning documents?

Do you have up-to-date Powers of Attorney and Advance Directives? These are perhaps more important than your Will because they are needed when you get sick.

5. What is your mix of assets? We like to have clients with a balanced mix of assets between retirement and non-retirement.

Otherwise, if someone gets ill, you might be required to access retirement accounts, thereby incurring large tax bills.

6. Are there assets that are "available" for purposes of third-party funding for long-term care?

Are there vacation homes, time shares, insurance policies, annuities, etc. that can be dealt with and removed and protected prior to any long-term care event?

7. Are there any family health issues that might make planning more relevant for you?

Is there a history of Alzheimer's, Parkinson's, strokes, MS, etc. that would add some weight to planning for long-term care rather than taxes?

8. Are there any family members with disabilities?

A Special Needs Trust that is funded early might be able to be drafted with more-

favorable terms than one that is done while requiring care. Remember, there is a five-year lookback for gifts, and it is always better to do the planning so it doesn't show up in the previous five years from a nursing home confinement.

9. Is long-term care insurance an option?

Better yet, is a life insurance retirement plan with a long-term care rider an option? You may be healthy enough in your early 60s to take advantage of planning that would not be available with the health issues that come later in life.

10. What about Medicare and supplemental plans and prescription plans?

What do you need to know and which is better? Most boomers are coming from an employer plan where they had to think very little about these issues. Which plan is best for long-term care? How should you choose? Be aware that most of our older clients have NO idea about what their Medicare plan covers and does not cover. Most do not know the difference between an advantage plan and a supplement. Most do not know how skilled rehab is handled by their plan. Do not wait until you are in a hospital to find out. Everyone knows what they pay for their plan, but most do not know what they get. Find out.

There are a lot of reasons to address these important issues now rather than later. Most people worry about their retirement, but they are focused on the wrong thing. Most think that they simply must pack away as much as they can in their retirement plans. Most are surprised to find out that "packing away" is not always the best idea. We believe that "planning early" is a better idea.

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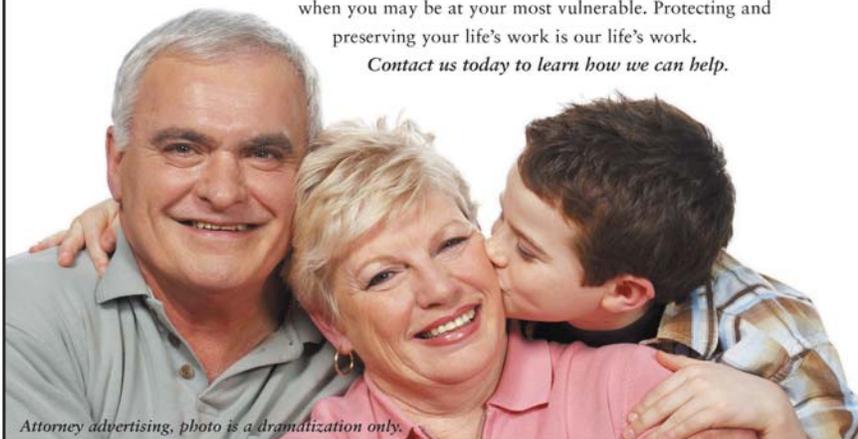
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The attorneys of Shober & Rock have years of experience helping individuals and families with the complex issues of elder law. We are here to help you prepare for and confront what may be the most complex legal hurdles of your life at a time when you may be at your most vulnerable. Protecting and preserving your life's work is our life's work.

Contact us today to learn how we can help.



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