

**FREE Legal Guide**

# **HOW TO HAVE “THE CONVERSATION” WITH YOUR AGING PARENTS**

**So You Can Protect Your Parents From Losing Their Home,  
Bank Accounts, and Other Assets From Long-Term Care Costs**

**CAROLINA FAMILY ESTATE PLANNING**

*Protecting Your Family For Life*



# How to Have “The Conversation” with Your Aging Parents

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Accounts, and Other Assets from Long-Term Care Costs*

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# HOW TO HAVE “THE CONVERSATION” WITH YOUR AGING PARENTS

**So You Can Protect Your Parents From Losing Their Home,  
Bank Accounts, and Other Assets From Long-Term Care Costs**

Fifty-seven percent of people never have the conversation with anyone about their potential need for long term care.

But even if you dread the conversation, the situation can become much worse if you do NOT talk about long-term care, asset protection, and other important topics with your loved ones.

At the same time, when you have a conversation with your parents now, there is a much better chance that you can help maintain their comfort, quality of life, and a good measure of independence, with reasonable preparation.

It's never too soon to start talking about the future with your parents, no matter what stage of life they are in right now. By establishing plans now, you will help protect your parents so they can continue to live on their own terms, as fully as possible throughout their entire life.

## How to Start the Conversation

So how do you talk to your parents about aging, long-term care, asset protection, and other uncomfortable topics? Starting the conversation is not the easiest, but it will be one of the most important conversations you will have. And both you and your parents will be glad you made the effort and took the time.

What should you cover in your conversation? How do you get started? What do you need to be prepared for?

Through my years of experience working with families just like yours to help them secure their future, along with countless hours of continuing education and leadership roles in organizations including the National Academy of Elder Law Attorneys, I have been able to compile some advice on several essential topics you need to discuss with your aging parents, in order to protect them, yourself, and the rest of your family. Over the next several pages, we'll explore the conversations you need to have, as well as some tips on how to broach the subject in a way that is both respectful and effective.

# Things to Know Before You Get Started

## **You Need to Create a Good Environment For The Conversation.**

- Arrange a time where you can talk in person. If you are out of town, plan time during your next family get-together. If you can't meet in person, use Skype, Google Hangouts, Facetime or other technology that will allow you to meet "face-to-face."
- Allow enough time to talk so you don't have to cut off the conversation early.
- Ask questions and listen. Be respectful of your parents' opinions and wishes even if you hear answers you don't agree with or aren't expecting.
- Keep the atmosphere light. This doesn't have to be a dreary conversation. It's okay to smile, and even laugh. Reassure your parents throughout the conversation.
- Be flexible. While it's helpful to have an outline of what you want to cover, be open to letting the conversation go in other directions. You never know what you may discover.
- Be prepared but don't overwhelm them with statistics and forms.
- Don't present a plan. The first step is to talk to your parents and find out what they have in place, what ideas they have, and what their wishes are.
- Allow your parents to make their own choices. If their health or safety is at risk, then you may need to make decisions for them; however, even in those circumstances, if at all possible, you'll want to consider their input and choices.

## **6 Ways to Start the Conversation**

- 1) Come right out and tell your parents that you'd like to talk about their wishes surrounding their long-term care and managing their health, and ask if they would be open to talking to you about it.
- 2) Start by asking about their past, their childhood, and parents. Listen to their stories and learn about them. Then ask them about their future. What would be their ideal future? What worries them about the future?
- 3) Talk about someone else's situation. Think about who you, your spouse, family member,

or parents know who is dealing with some aspect of aging or long term care. Start with something that is either good or bad about their situation to begin the conversation.

4) Give your parents an article, or send them a link to information about planning for long-term care or asset protection, etc. Then use the article, story, or information to open the discussion.

5) Tell your parents about something you are planning for in the future such as setting up an IRA or preparing a will, and ask them for their advice. This is a great way to transition into asking them how they planned ahead and if they feel fully prepared.

6) Write them a letter or email telling them what you would like to discuss and why. This is helpful if you are having trouble starting the conversation or if you live a distance from your parents and have to plan a trip to see them to have this conversation. This also allows you to think through what you want to say and edit it before you send it. Plus, it can help get your parents to begin thinking about these issues before you sit down face-to-face.

## Topics to Cover and Questions to Ask

**Lifestyle** – What expectations do you have for the future? Have you identified situations that you do not want to happen? Where would you like to live if you cannot take care of yourself?

**Legal** – Do you have a will? A durable power of attorney? Do you have a living will and a power of attorney for health care? If so, are these documents up-to-date, and do they reflect your current wishes? Do you have a long-term care plan in place? When was it last updated? Where do you keep these documents in case we need to access them?

**Finances** – Who do you want to manage your finances if you cannot manage them yourself? Do you have a list of bills you currently pay and how you pay them? Is there discretionary income that you would want to redirect if necessary? How will the person you designate to manage your finances get access to your assets? Do you know what government benefits you may need? Do you know how to qualify for them?

**Medical care** – Who do you want to make your medical decisions if you cannot make them for yourself? What are your wishes for your medical care (e.g., “do not resuscitate” or DNR)? Is there family health history recorded somewhere that is available? Do you have the proper permission granted to the appropriate people allowing the release of medical information?

**Care options** – Where would you like to receive care? At home? In a facility? What type of facility? Who would you like to provide care? When do you think it is appropriate to be moved out of your home if you are not capable of communicating your wishes?

**Cost of long term care** – How much do you think your long-term care will cost? How are you planning to pay for the long-term care you may need? Medicaid? Veterans Benefits? Savings? Long-term care insurance? Reverse mortgage?

## **Reasons Elder Law Attorneys Most Often Hear as to Why a Long-Term Care Estate and Asset Protection Plan Isn't Put in Place**

### **1) "I/We have it covered."**

- How you might respond: "I'm glad to hear that. I've just been reading a lot about how the changing laws and other factors are affecting estate plans and asset protection plans. In fact, I was just reading about some people who were in tears because they found out the plan they thought was fool-proof had become obsolete due to changes. I'd hate for you to lose everything you've worked so hard for unnecessarily. Just for my peace-of-mind, would you mind if we talked about your plans so I'll know what they are and what your wishes are?"

Tip: If, after your conversation, you feel that your parents' plan might not be as up-to-date as it needs to be or is missing a key element, you might consider suggesting a visit to an attorney who specializes in estate planning, long-term care, and asset protection. It may even be worth it to offer to find the attorney and cover the cost of the consultation.

### **2) "I don't want to think/talk about that." Or, "It scares me to talk about needing to go in to a nursing home."**

- How you might respond: "I know. It scares me too, and I hope you never need to go into a nursing home or any other facility. The trouble is that sometimes life happens, even when we don't want it to. I want to make sure your assets, such as your home, bank accounts, and personal treasures aren't lost or depleted due to unforeseen health care costs."

### **3) "I won't ever need to go to a nursing home." Or, "I probably won't need long-term care."**

- How you might respond: "You know, I certainly hope you're right. And I know this is hard to talk about because you've always been so healthy, but I still think it's important to plan for the possibility of it or for some sort of care, just in case. I don't want you to lose everything you've worked so hard for. For my peace of mind, would you mind if we visited an attorney who specializes in long-term estate planning and asset protection?"

**4) “I already have health insurance. I’m covered.”**

- How you might respond: “I know you have health insurance, but do you have a plan for other non-medical needs associated with aging that your health insurance won’t cover? For example, costs associated with making home modifications, should you need them, or help with personal care, like getting dressed, bathing, eating, and getting into and out of bed—health insurance doesn’t cover these types of expenses.”

**5) “I figured you and the rest of the family will take care of me.”**

- How you might respond: This is a good time to reference an example of someone you know or a situation you are familiar with. Then discuss the impact of providing care. (Facts: Almost half of family caregivers spend more than \$5,000/year on caregiver costs. One third of caregivers spend more than 30 hours per week on caregiving.)

**6) “If I need special care, I’ll pay for it from my retirement and my savings.”**

- How you might respond: Ask them how much they expect special care might cost. Again, a story or using some simple math might help. For example, the fact that the median annual cost of home health care exceeds \$45,000, and in 2-3 years, you could spend \$150,000. Ask how this might impact their savings.

## **Things to Be Aware of**

### **Why it’s important for your parents to have a document authorizing someone to manage their finances.**

If your parents should become disabled and unable to manage their finances, and they have not executed a document authorizing someone to manage their finances for them, then the court will appoint someone to manage their finances for them. The court may not appoint the person your parents would have selected. Once selected, your parents’ agent under their power of attorney can access their bank accounts, their retirement accounts, and their life insurance policies. Their agent can also change the deed to their home and change the beneficiary of their life insurance policies. A power of attorney is one device for their agent to use to manage their assets.

## **What About Trusts?**

A trust is a written document that defines how the property within the trust is used. The person or people appointed as trustees administer the property in the trust according to the terms of the trust. A trustee can only manage property that is owned by the trust.

There are many kinds of trusts. The best one for your parents will depend on their circumstances. Some of the factors that should be considered are:

- Their age
- Their current health status
- The amount of assets involved
- The need/desire to have the trust earn a decent return on investment

### **Types of Trusts include:**

- Living Trusts
- Irrevocable Asset Protection Trusts
- IRA Trusts
- Special Needs Trusts

Even if your parents have a trust, they should also have a power of attorney. This is because a trustee has no authority to act regarding property outside the trust. An agent under a power of attorney can act with regard to property outside the trust but not property within the trust. These documents work together.

# **Assessing the Tools That Might Help Pay For Long-Term Care**

There are several resources that your parents may employ as elements of their long-term care plan. Below are some of the common issues you need to be aware of with each.

## **Medicare/Medicaid**

- Medicare does not help to pay for the cost of custodial care, but it can help pay for a brief rehabilitation period in a skilled nursing home following a hospital stay.
- It is critical to plan ahead to preserve family savings, preferably at least five years before paid care is needed. Once a person spends down to the point where Medicaid covers the cost of care, he or she must have next to no countable assets (often \$2,000 or less.) After that, your parent will only get to keep about \$30 per month



from his or her Social Security check and pension.

- Never get your advice about Medicaid from the Medicaid planning office. They are under no obligation to tell you all of the available options to best protect your home, your assets, and your life savings. Instead, talk with an elder law attorney who is familiar with the public benefits in your state.

## **Veterans Benefits**

**We have helped a number of clients receive and use Veterans Benefits for their care. However, beware of these issues regarding Veterans Benefits:**

- Lots of red tape.
- Hard to maneuver around delays and other stonewall tactics commonly encountered with Veterans Benefits.
- Government finances not in the best shape. The program is changing, and there is no guarantee the benefits will be as abundant tomorrow as they are today.

## **Long-term Insurance**

**With long-term insurance be aware that:**

- Costs go up.
- It's expensive.
- You have to use it or lose it. Once the policyholder dies, even if there are unused funds in the account, those funds are kept by the insurance company.

Explore your options to protect your assets. There are alternative programs and ways to protect assets so that all of your parents' money is not depleted by health care costs.

Have "the conversation." Make sure you understand what your parents want should you wind up with the legal power and responsibility to make decisions for them. This conversation may be uncomfortable for you and your parents, but I can't stress how critical it is. Life is unpredictable, so it's important to start planning now...before you are in the middle of a crisis.

If you don't know the ins and outs of a power of attorney, a living will, trust funds, or a healthcare proxy find an elder care expert or attorney to help.

For more information on planning for the best possible future, visit [resources.carolinafep.com](http://resources.carolinafep.com) for resources on estate planning and long-term care planning.

# Want to Learn More?

## Register for one of our FREE seminars.

Are you stuck? Not sure where to start when it comes to getting a plan in order? Or figuring out how to cover nursing home costs?

You've read this far. *You know* that education is key. Carolina Family Estate Planning is committed to educating proactive people like you about estate planning, elder law, and long term care planning.

**We offer FREE monthly seminars** about how you can protect yourself, your family, and your assets from unexpected tragedy, government bureaucracy, lawsuits, and the potentially devastating costs of ongoing long term care.

### Why put it off another day?

You can register for our seminar right now:

- Online, at [seminars.carolinafep.com](http://seminars.carolinafep.com) or
- Email us at [info@carolinafep.com](mailto:info@carolinafep.com) or
- Call us today at 919-443-3035.

Contacting us is the next step *you need to take* to Get Your Ducks in a Row!



## Gift Certificate

Attending one of our seminars entitles you to an in-depth, complimentary telephone consultation with a team member at Carolina Family Estate Planning to discuss your concerns and current circumstances. If the team member determines that there are planning opportunities that we can assist you with, you'll be invited to our office for a complimentary in-person consultation to discuss planning options in more depth.

### Carolina Family Estate Planning

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## *Protecting Your Family For Life*



**Jackie Bedard**  
*Estate Planning and Elder  
Law Attorney*

### About Carolina Family Estate Planning

Estate Planning and Elder Law Attorney Jackie Bedard founded Carolina Family Estate Planning in 2009 to help people set up plans that carry out clients' values and goals when they are no longer able to provide guidance on their own.

**Our practice is based on relationships.** Every client is unique, so our first focus is to learn about you, your family, your goals, concerns, and fears.

**We work on a flat-fee basis** so you can talk openly with us without feeling rushed or worrying about the size of the bill.

**We place a high value on education.** We reserve time to develop our team and learn from other experts, so we stay up to date on the law and new planning techniques.

**Our focus on education goes for you too!** We present regular seminars at our Learning and Resource Center, as well as invited presentations to community organizations and a wealth of resources on our website, **Carolinafep.com**. Using plain English and real world examples, we explain how to protect yourself and family throughout your lifetime, and beyond.

**We use a team approach**, relying on each staff member's unique skills to efficiently serve our clients, personally and effectively. We will also work closely with your financial advisor, accountant, and other advisors, so your entire financial plan works together.

**We help you implement your plan** so it will work. Our Funding Coordinator will help ensure your assets are titled correctly, so a simple, common oversight doesn't result in a long, expensive probate process.

**We offer a maintenance program** to help keep your plan up to date and to provide further guidance when you need it.

***Your wealth is far more than what's in your bank account.***

By helping you pass down your values, your experiences, your dreams, and your interests, Carolina Family Estate Planning helps you Protect Your Family for Life!