

ELDER LAW ELEMENTS

Are you a *mature American* (i.e., age 65 or older), do you care about someone who is, or do you anticipate becoming a mature American yourself one day? If so, then, according to the U.S. Census Bureau, you are in good company. In 1960, there were nearly 17 million mature Americans. Today, there are more than 35 million and by 2010 there



will be some 40 million mature Americans. Thereafter, due to the graying of the Baby-Boom generation, we will witness that figure jump to 53 million in 2020, and to 70 million in 2030! As this mature population increases, so will the need for Elder Law services.

What is Elder Law?

Generally speaking, Elder Law can be defined as the holistic application of general legal principles to the specific emotional, logistical and financial needs of mature Americans. Many mature Americans are concerned with two fundamental threats to their dignity: (1) becoming

incapacitated, and thereby losing control to the court system over their personal, health care and financial decisions; and then (2) running out of money due to the catastrophic costs of long-term care, and ending up on welfare. Fortunately, these threats may be minimized, or even avoided, through properly coordinated legal and financial planning.

Incapacity Planning

As the number of candles increases on your birthday cake, so do the odds that you will become incapacitated by an injury or illness. Whether incapacity strikes suddenly, as

INSIDE

Good news, bad news. The good news: Americans are living longer than ever. The bad news: we eventually wear out physically, mentally, or both. In this issue we review two challenges: becoming incapacitated and going broke due to long-term care.

On page three we examine important considerations when selecting a Long-Term Care Insurance policy. In addition to policy benefits, be sure to check the health of the insurance company standing behind the policy itself!

with an accident or acute illness, or gradually, as with Alzheimer's Disease, the consequences are the same. Either you will have appointed the back-up decision-makers of your own selection through proper legal plans or, by default, the court system may step in to appoint them for you ... under the ongoing supervision of the court. Note: This default approach may employ at least three lawyers and can be a rather expensive invasion of your privacy. Accordingly, you may consider the state's plan *a lawyer full-employment program*.

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Long-Term Scare

Did you know that, if you are single, you face a 50 percent chance of needing long-term care? If you are age 65 and married, there is a 75 percent chance that either you or your spouse will need long-term care. The average nursing home stay, by the way, is 2.5 years.

Long-term care is expensive. Nationally speaking, a year in a nursing home is estimated to cost an average of \$76,460. Not surprisingly, 50 percent of mature couples become impoverished within a year after either spouse enters a nursing home. The number jumps to 70 percent for widowed or single persons.

By the way, forget about Medicare paying for your *chronic* long-term care needs. Medicare only pays for acute nursing home care for up to 100 days, and even then your eligibility and payments are subject to very strict requirements. Remember, too, Medigap (i.e., Medicare Supplement) policies typically will not pay for your chronic long-term care needs either.

What about giving away your assets to your loved ones to qualify

for Medicaid? Legally speaking, any transfer of assets for *less than fair market value* may subject you to a lengthy period of ineligibility under the complex and confusing web of Medicaid Regulations. And transferring assets can be hazardous for other reasons. Consider this: What would happen if your transfer of assets to loved ones disqualified you for Medicaid assistance, and your loved ones subsequently lost the assets through squandering, divorces, lawsuits or bankruptcies? Not good.

Long-Term Solutions

The key to proper long-term care planning is to *plan now* rather than to *react later*. There are numerous legitimate strategies to preserve more of your assets, but only if you do not procrastinate until it is too late.

One of the best strategies may be to insure your financial security through proper Long-Term Care Insurance. Again, don't wait too late to apply, because your health actually *purchases* Long-Term Care Insurance, your money just *pays* the premiums.



Word Puzzler

Search this scrambler for words related to "Elder Law Elements."

Assets	Birthday
Complex	Dignity
Expensive	Graying
Holistic	Illness
Impoverished	Incapacitated
Insurance	Lawyers
Legitimate	Mature
Medicaid	Medicare
Plan	Seasoned
Senior	Spouse
Threats	Welfare



LONG-TERM CARING

No one relishes the notion of paying insurance premiums of any kind. After all, you can pay and pay and pay ... and never collect on a claim. If you are fortunate.

The purpose of insurance is to transfer a risk that you can afford (i.e., the payment of a premium with no guarantee of its return) to cover a risk you cannot afford. For example, what homeowner does not insure their personal residence from damage due to a fire? Or, what automobile owner does not insure their auto from damage due to a collision? Consider this: The odds of a major fire insurance claim are about one in 88, with an average claim of \$2,000. The odds of an auto insurance claim are about one in 47, with an average claim of \$8,000.

Against this backdrop, why would any responsible, mature American (i.e., age 65 or older) not insure against the financial risk of requiring long-term care at some point? The odds are nearly one in two that a *seasoned citizen* will need long-term care for about 2.5 years at an average annual cost of \$76,460 in 2008, making the average claim in excess of \$200,000.

The LTCI Alternative

Fortunately, an appropriate Long-Term Care Insurance (LTCI) policy can be designed to fit almost any budget. Most LTCI policies share some common features you should know, to include the following:

- **Benefit Amount:** How much and for how long will the policy pay?

- **Benefit Triggers:** When will the policy pay benefits?

- **Inflation Protection:** Will the purchasing power of the Benefit Amount increase?

- **Level of Care:** Are Home, Custodial and Intermediate Care covered, along with Skilled Nursing Care?

Caveat Emptor

Caveat Emptor! is Latin for *Let the Buyer Beware*. With all of the companies selling LTCI, this is an appropriate warning. When shopping for an LTCI policy, remember that financial strength is the key consideration. As with any form of insurance, the policy is only as solid as the ability of the insurance company to pay your claim. Check the financial strength and reputation of the insurance company before you sign on the dotted line.

There are several established insurer rating services, such as A.M. Best Company (www.ambest.com), Fitch, Inc. (www.fitchratings.com), Moody's Investor Service, Inc. (www.moodys.com), Standard & Poor's Insurance Rating Services (www.standardandpoors.com), and Weiss Research, Inc. (www.weissratings.com).

Visit these services online or at your local public library.

Reputation also is important. Contact your state's Insurance



Commissioner regarding the status and history of complaints by policyholders of any insurance company you are evaluating.

Finally, contact the National Association of Insurance Commissioners for a copy of *The Shopper's Guide to Long-Term Care Insurance*, and other valuable resources, by phone (816) 842-3600 or online at www.naic.org. Given all that is at stake, doing your homework is a must.

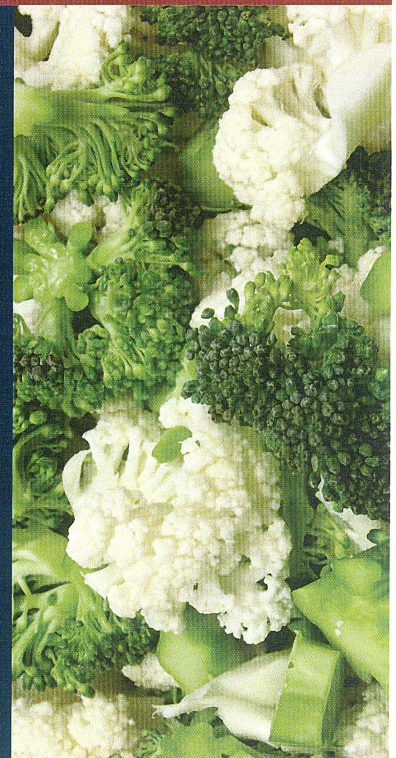
HOME-COOKED GOODNESS Cauliflower-Broccoli Salad

1 head cauliflower	Dressing:
1 bunch broccoli	1 C. mayonnaise
1 med. red onion	1/3 C. oil
1 green pepper	2/3 C. sugar
1 jar pimentos	1/2 C. distilled vinegar

Prepare cauliflower and broccoli by breaking into bite-size flowerets; chop onion and pepper; drain pimentos. Toss all vegetables together in large bowl.

Prepare dressing in a separate bowl, by whisking together ingredients until thoroughly combined and sugar is dissolved. Pour dressing over vegetables and stir to coat.

Refrigerate at least one hour prior to serving to allow flavors to blend.



**“You may
delay,
but time
will not.”**

**— Benjamin
Franklin**

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