



5 **BEST-KEPT** SECRETS TO FINANCING SENIOR CARE

NOTE: The information contained in this document is provided for informational and educational purposes only, and it should not be construed as legal or financial advice. For further information, we recommend seeking out a legal or financial professional.

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BRIDGE THE GAP

If you need help with costs to transition to senior living, some financial service firms offer bridge loans to help cover costs, while seniors wait for the sale of a home or for other benefits to kick in.

With the number of people age 65 and older rising, new services are now available, tailored to seniors. Elderlife Financial Services, and others, can help make the transition to senior living easy and affordable, with help to plan, locate and fund their senior housing needs.

CONSIDER THESE TWO OPTIONS:

1. Bridge Loan for Senior Living

The need for senior living can be unexpected and sudden due to medical emergencies or the realization that living at home is no longer safe. Many senior financial services will provide a bridge loan to help cover the costs during the transition. Typically, the condition of the loan states that the short-term loan will need to be repaid once the funds are available, like for example, through the sale of a house.

BRIDGE LOANS MAY HAVE MANY BENEFITS:

- Funds typically process within 24 hours and can be wired directly to the senior living community.
- The loan isn't contingent on collateral, like a home or car, so the approval process is usually quick.
- Most lenders allow up to six applicants to split the loan, so it is a good option for families.

2. Paying the Entry Fee for Life Care Communities

Senior financial services firms can also help pay any potential upfront entry fee for Life Care communities, also sometimes known as Continuing Care Retirement Communities or CCRCs. The Life Care guarantee is an agreement between the resident and a community that provides for the resident's care for life, even if they exhaust their financial resources through no fault of their own. Senior financial services may assist with that initial charge by providing a loan, and then help to sell a house or liquidate assets.



For more information,
visit: elderlifefinancial.com.

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REPURPOSE YOUR POLICY

If you or your loved one has an existing life insurance policy, you may be able to convert an in-force policy to a pre-funded account to help pay for senior care.

This financial option is especially helpful for seniors, because all health conditions are accepted, there are no waiting periods, no care limits, no costs to apply, no requirement to be terminally ill and no premium payments or fees.

Convert a policy, and use it right away

A long-term benefit plan converts an in-force life insurance policy into a pre-funded account that can be used in as little as 30 days to make tax-free payments to a senior living community. You can convert a universal, whole, term or group policy and use it for assisted living, dementia care, skilled nursing, hospice or private-duty home health.

No more premium payments

According to Life Care Funding, there are no application fees and no obligation to apply. Once the policy is converted, the enrollee is no longer responsible for life insurance premium payments, and the policy is no longer considered an asset that will count against future Medicaid eligibility.



Long-term care benefit payments

last on average between one to three years, and the benefit is adjustable, so the monthly payment can be customized to meet changing healthcare needs.



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Life Insurance



For more information,
visit: lifecarefunding.com

Source: lifecarefunding.com/how-it-works/

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COVER YOUR CONTINUED CARE

If you are concerned about covering changing healthcare needs, consider the benefits of a Life Care community, which offer long-term accommodations and health-related services with an entry fee.

If you're retired, you've probably thought about how to make your assets last, so you'll have the security and retirement you deserve. If you're concerned that you won't have resources to cover additional expenses, if your needs change, consider the benefits of Life Care.*

Nearly 70 percent of people age 65 or older will require long-term care at some point, according to the U.S. Department of Health and Human Services.

If you are age 65 or older and meet financial and medical criteria, you may be eligible. Most Life Care communities offer a range of accommodations and care, including independent living, assisted living, Alzheimer's and dementia care and rehabilitation and skilled nursing.

Entry fees for Life Care communities typically range from \$150,000 to \$300,000. When they're ready to downsize, many seniors fund the buy-in fee by selling their current homes.

Fees vary depending on the type of accommodations and level of care you need. Monthly service fees typically average \$2,500 to \$3,500, depending on the contract.

The amount may vary slightly from year-to-year, so it's important to ask about the potential for annual increases. You may also have the option of a refundable contract that returns a portion — up to 90 percent — of your entry fee to your designated beneficiary.**

The IRS considers Life Care to be a prepaid medical expense, so tax deductions may be available for portions of the upfront entry fee and monthly service fee.
Consult with your tax advisor for more details.

New adventures with new friends

Most importantly, Life Care communities are a great place to meet new friends, enjoy social and cultural outings, take interesting classes and even volunteer.

With a Life Care community, you'll enjoy trade home maintenance and chores for more meaningful ways to spend your time, and you'll have peace of mind knowing your care is covered, if your needs change.

*The Life Care guarantee is subject to the terms and conditions of the residency contract/agreement.

** Subject to the terms of the residency contract/agreement.

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MAKE THE MOST OF MEDICARE

You may be eligible for Medicare, a federal health insurance program for people who are age 65 or older, with coverage for inpatient hospital stays, care in a skilled nursing center, hospice care and some home health care.

What is Medicare?

Medicare's different parts help cover specific services:

Medicare Part A (Hospital insurance)

Part A covers inpatient hospital stays, care in a skilled nursing center, hospice care and some home health care.

Medicare Part B (Medical insurance)

Part B covers certain doctors' services, outpatient care, medical supplies and preventive services.

Medicare Part C (Medicare Advantage Plans)

This is a type of Medicare health plan offered by a private company that contracts with Medicare to provide you with all your Part A and Part B benefits. Most Medicare Advantage Plans offer prescription drug coverage too.

Medicare Part D (Prescription drug coverage)

Part D adds prescription drug coverage to Original Medicare, some Medicare Cost Plans, some Medicare Private-Fee-for-Service Plans and Medicare Medical Savings Account Plans.

How can I figure out what kind of coverage I have?

1. Check your red, white and blue Medicare card.
2. Check all other insurance cards that you use. Call the phone number on the cards to get more information about the coverage.
3. Check your Medicare health or drug plan enrollment.
4. Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

Are Medicaid and Medicare the same?

Medicaid, which is different than Medicare, is a joint federal and state program that helps with medical costs for some people with limited income and resources. Medicaid also offers benefits not normally covered by Medicare, such as long-term care and personal care services.

Is home health covered by Medicare?

If your loved one meets Medicare's definition of homebound, he or she may be entitled to Medicare's home health benefit with doctor's orders.



For more information, visit: [medicare.gov](https://www.medicare.gov)

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FLIP THE FLOW

If you are age 62 and older and have equity in an existing home, consider a reverse mortgage, also known as a home equity conversion mortgage. You can stay in your own home while tapping into a tax-free cash flow that can be used for expenses like in-home care or long-term care insurance.

THE UPSIDE OF A REVERSE MORTGAGE

- You own your home, not the bank.
- There are no restrictions on how the money can be used.
- Reverse mortgages are backed by and regulated by the US Department of Housing and Urban Development (HUD).
- Heirs of seniors are not responsible for repayment of this loan, even if the home's value goes down.
- Income from a reverse mortgage is tax-free and doesn't affect Social Security or Medicare benefits.

THE DOWNSIDE

- Proceeds from a reverse mortgage may affect Medicaid benefits.
- Closing costs can be high with fees that are higher than a conventional mortgage.
- Homeowners are still responsible for property taxes, insurance and upkeep.
- Homeowners will not be able to pass the family home down to heirs.
- If you plan to move in the near future or you have to move because you need more care, a reverse mortgage may not be the right choice for you.

Securing a reverse mortgage is a big decision, so it's important to talk to a financial advisor or an elder law attorney who can help you and your family weigh the pros and cons. Also, HUD-sponsored counseling services are available to offer impartial advice and help you find a reputable lender. Reverse mortgages aren't the best choice for everyone, but they could help you generate cash flow for a better quality of life.



For more information,
visit: hud.gov