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SEPTEMBER 2006

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what you need to know

About Later Life Issues

by Andrea Shea King



The first of America's 79 million baby boomers are beginning to retire from the work that has financed their homes, their vacations, their children's college educations and the lifestyles they have experienced during the first two thirds of their lives. What should they be doing now so they can enjoy a retirement that could last as long as another 30 years?

"Plan ahead!" advise the professionals who specialize in helping people manage their retirement years. Elders who do plan are more likely to be filling their datebooks with travel, classes, hobbies, social events and fun with grandchildren.

"Lack of planning can be bad at any stage of life, but it can be especially disastrous for seniors," says Don Kramer, chief executive officer, One Senior Place in Viera. "Legal and care management professionals can certainly help bail people out when they have problems, but they can be invaluable when they help avoid the problems through proper planning."

Health care costs...could exceed \$200,000 over the course of 20 years for a 65-year-old couple retiring this year

Providing for health care is step number one. Published estimates show that Americans are living 20 to 30 years longer than previous generations. So at whatever age you plan to retire, you'll need to determine how you will cover health care costs, which reportedly could exceed \$200,000 over the course of 20 years for a 65-year-old couple retiring this year.

Check now with your employer to see if you're allowed to continue your health coverage under the company's plan. If so, expect to pick up the full premium cost. If you intend to retire less than 18 months before you reach 65 (the age when you're eligible for Medicare), you could bridge your coverage through a COBRA (Consolidated Omnibus Budget Reconciliation Act) plan. Though here again, you'll be required to pick up the premium tab.

Long-term care insurance can be an important protection if you become seriously ill or incapacitated. (See details on page 43)

Financing the lifestyle you want is step number two. How much money will you need each month to continue your current lifestyle after retirement? Will you still have a mortgage? You might. A report by the Center for Retirement Research at Boston College shows that 25 percent of married adults aged 65 and older are homeowners with mortgages. Will your investments, retirement plan and social security provide enough income to offset your financial obligations? Find out what your retirement income and social security payments are projected to be. If the total is not enough, begin saving now or increase the deduction for your plan.

If you own your home free and clear, should you arrange a reverse mortgage, which provides tax-free cash

TALK TO THE EXPERTS

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advances until you sell or die?

Should you protect your nest egg by signing over your major assets, such as your home, to your child with the expectation you'll live there until death? What happens if your child dies before you do, and your home becomes the property of his or her spouse? What do federal laws say about signing over assets to family members to "protect" those assets?

Putting your legal affairs in order is step number three. Retain the services of an attorney who specializes in elder issues to assist you in protecting yourself and your heirs. Legal measures include preparing a will and/or establishing a trust to administer your estate, signing advance care directives for medical treatment, planning for incapacity, guardianship and special needs of a dependent child, for example.

Learning a new vocabulary is step number four. There's a lot to learn.

* **Advance Care Directives** —

The State of Florida has a number of tools to help plan your future in the event of illness or incapacity, as well as death. These planning tools, called advance care directives, include durable power of attorney, trusts, declaration of pre-need guardian, health care surrogate and living wills. If you have moved here from another state, you should have your will reviewed by a Florida lawyer, as laws do vary.

* **Pre-need Guardian Designation** — Each individual has the right to designate a personal guardian if one is ever needed. The designation is filed with the clerk of the circuit court. A pre-need guardian designation will help eliminate family conflicts and court intervention.

* **Living Will** — Every competent adult living in Florida has the right to choose or refuse medical treatment or procedures that would prolong his or her life when a terminal illness or condition exists. A living will is the legal document that lets you declare those wishes. A living will also lets you designate whom you want to have authority to carry out your wishes regarding life-prolonging procedures, which include providing food and water.

Florida law requires you to sign your living will in the presence of two witnesses, at least one of whom is neither your spouse nor a blood relative. Attorney Jerry Allender of Titusville suggests you sign the living will before a notary public. If you are physically unable to sign the document, one of the witnesses can sign it in your presence and under your direction.

* **Durable Power of Attorney** — Another option to consider is the durable power of attorney, commonly referred to by its acronym, POA. This is a legal document that gives you the option of designating an "attorney-in-fact" to make personal, medical or financial decisions on your behalf in case you become physically or mentally incapacitated.

Be sure to have your POA in place prior to any incapacity, because your POA must, at the time of signing, understand what he or she is signing, who is being appointed attorney-in-fact, and what property may be affected by the POA. In Florida, a POA remains effective even if you become incapacitated, depending on how it is worded.

Important: If your spouse or adult child becomes physically or mentally incapacitated, you do NOT have the legal authority to make personal, medical or financial decisions for him or her. Without a POA, you'll have to become that person's legal guardian, which is an expensive, time-consuming and difficult process. Allender strongly emphasizes that a POA is the most important document any adult can have.

* **Revocable Living Trust** — Another legal step to consider is the revocable living trust, a document you — the "grantor" — create to manage your assets during your lifetime. Like a last will and testament, it distributes your assets after you pass on. The person you designate to manage your trust assets is called the "trustee." You can be both grantor and trustee, which lets you make amendments or revoke the trust any time. But be aware that in most situations, a trust is not a substitute for a will. The reason is a trust can handle only the assets that have been put into it. Your will controls all of your assets.

After you've created the revocable trust, to get the



What is a Geriatric Care Manager?

A geriatric care manager is a health and human-services professional experienced in aging and geriatric care issues. The National Association of Professional Geriatric Care Managers (NAPGCM) is recommending that its members obtain and maintain professional certification (CMC, CCM, C-ASWCM, C-SWCM), which indicates to the public that a care manager is a credentialed and trained professional who has pledged to uphold the organization's ethics and standards of practice.

"There are individuals who advertise themselves as care managers but who lack the education, training and experience that a certified care manager would possess," notes Catherine Rowlands, MBA, NHA, CMC, president of Total Long Term Care Consultant Services. She recommends that you "inquire about a prospective care manager's education, experience and certification and request client references. Expect to pay your care manager an hourly fee or monthly retainer like other professionals such as lawyers, accountants or financial planners.

Your professional geriatric care manager provides assistance in making informed decisions regarding your long-term care needs. Your professional care manager also will act as your advocate to assure that your assistance or care needs are being met in the most cost-effective and least-restrictive setting. Most important, he or she will provide assistance and support in managing crises 24 hours per day, seven days per week.

A care manager will monitor and provide support to your caregivers and will communicate with family members or other responsible parties, as needed or requested, about health care and financial status.

The care manager also will assure that you are safe in your living accommodations, that your bills are being paid on time, that health-related issues are being managed and that help is being provided to ensure your safety and security while maintaining your dignity and independence.



A care manager can help when

- It's unclear if the elderly person can continue to live safely at home.
- Medical care is poorly coordinated – doctor appointments are either too few or excessive.
- Medications are mismanaged.
- The elderly person exhibits signs of self-neglect or inability to care for his or her home.
- There is evidence of physical or financial abuse, neglect or exploitation.
- There are instances of inappropriate behavior or poor judgment.
- There is no family support system, or family members do not live close by.
- Family members are unable to agree on care needs and options.
- Burden of providing care is threatening the health of the spouse or primary caregiver.



maximum benefit from it, you should “fund the trust”; that is, transfer your assets into it as soon as possible. These could include bank accounts, real estate and investments. Without it, your estate could end up in probate, an expensive and time-consuming legal process. Although the trust “owns” the assets, you or your trustee will continue to manage those assets the same way you did before it was created.

Allender says a revocable trust avoids probate and the large fees and delays associated with it, because the trustee you name in your will, such as a person, bank or trust company, has immediate authority to manage the trust assets at your death, keeping the courts out of it.

*** Long-term Care Insurance** – Besides health care coverage, you might want to consider long-term care insurance as part of your financial plan. The annual average cost of nursing home care today is \$60,000. Long-term care insurance can help you cover those costs without impacting your retirement nest egg. (See *SCL* Jan., 2006, p. 84.)

According to the trade group American Health Insurance Plans, in 2002 the average annual cost for a policy that paid \$150 a day and had a 90-day deductible was \$564 for a 50-year-old, \$1,337 for a 65-year-old, and \$5,330 for a 79-year-old. “Typically you would buy the policy when you’re in your 40s, and in good health – the earlier

the better, as premiums increase, the older you are when you qualify for it,” advises Donna Sargent of One Senior Place in Viera.

Some private long-term care insurance companies are now paying for care management, because prevention versus treatment is more cost effective in the long run, Sargent says. If you’re shopping for long-term care insurance, you should look for that provision, and if you already have a policy, check to see if it provides you with care management coverage.

Don’t confuse care managers with case managers. Case managers are hospital employees whose involvement is “limited to that little space in time that you’re in the hospital,” says Sargent. Case managers employed by a hospital system may have specific goals, including sending you home as soon as possible. On the other hand, care managers are consultants whom you pay hourly or monthly fees to represent you in a comprehensive way. (See sidebar.)

AARP has a tremendous range of free resources, including Web sites. Here on the Space Coast, silver and gold retirees have the added benefit of one-stop senior-oriented services under one roof with the innovative One Senior Place in Viera. Your investment of time spent planning your post-retirement will reap dividends for years to come. Perhaps as many as another thirty! 