

**PLANNING FOR  
LONG TERM CARE  
WE WILL BEGIN SHORTLY**

What You Should Know About  
Long Term Care Preparations & Costs?



Krueger Hernandez  
& Thompson SC  
*Attorneys at Law*

# WELCOME TO PLANNING FOR LONG TERM CARE

What You Should Know About  
Long Term Care Preparations & Costs?



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**SUBMIT QUESTIONS TO THE Q&A BOX  
BELOW – WE WILL ANSWER ALL QUESTIONS  
AT THE END OF THE SEMINAR**



# LET ME INTRODUCE MYSELF



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Juris Doctorate, Southern Illinois University

# WHY WE DO WHAT WE DO

**WHY?**  
**HOW?**  
**WHAT?**



# A COMPREHENSIVE APPROACH TO ESTATE PLANNING

## Bridging the Gap



NEITHER DEAL WITH SOMETHING YOU DIDN'T PLAN FOR

### RETIREMENT PLANNING

“The Good Life”

Focus on having the resources available to meet retirement lifestyle goals

### ESTATE PLANNING

“End of Life”

Deals with transfer of authority and decision-making responsibility and transfer assets

# THE CONCEPT FOR THIS PROGRAM



- **Identify different types of Living Facilities**
- **Discuss the options available to pay for such facilities**

# SENIOR LIVING IN WISCONSIN



**INDEPENDENT  
SENIOR LIVING**

**ADULT  
DAYCARE CENTERS**

**ADULT  
FAMILY HOMES**

**ASSISTED  
SENIOR LIVING:**

- **RCAC**
- **CBRF**

**MEMORY CARE**

**SKILLED NURSING**





# INDEPENDENT SENIOR LIVING

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- ✓ Typically 55+ Age Demographic
- ✓ Amenities
  - Workout Facilities
  - “Fine Dining” or Meal Options
  - Transportation
  - Pool, Tennis / Pickle Ball Courts
  - “Hotel feel”
  - 100% Independent living –  
Campus Style



# ADULT DAY CARE CENTERS

- ✓ **Typically Monday – Friday**
- ✓ **Meal(s)**
- ✓ **Daily Activities / Group Engagement**
- ✓ **Medication Management**

# ADULT FAMILY HOME



- 2-6 Residents in Home
- Not Related to Caregiver
- Medication Management
- Up to 7 hours of Nursing / week
- 18+ Years old
- Typically Non- Secure
- No Skilled Care

# ASSISTED LIVING

## RCAC

- ✓ Residential Care Apartment Complex
- ✓ Up to 28 Hours of Care Per Week
- ✓ Usually Full Kitchen
- ✓ Meals May Be A La Carte Services
- ✓ No POA can be activated prior to move in
- ✓ Not Suitable for Alzheimer-Related Dementia

## CBRF

- ✓ Community Based Residential Facility
- ✓ Up to 3 hours of Nursing per week + 24/7 Supportive Care
- ✓ Typically Kitchenette – No Stove / Oven
- ✓ Meals included
- ✓ POA may or may not be activated
- ✓ Highest level of Care prior to Skilled Nursing
- ✓ Some accept Medicaid

## Memory Care: CBRF Certified

- Dementia or Alzheimer's Diagnosis
- HealthCare POA MUST be active
- Typically Secured (Elopement = exit seeking behaviors )
- Incontinence
- Behavioral Issues
  - ✓ Verbal
  - ✓ Physical
- Short and/or Long-Term Memory Loss



# SKILLED NURSING FACILITY



- Commonly referred to as Nursing Home
- High Level of Care needs – may include:
  - Catheter Management
  - IV Medication Management
  - Sliding Scale Insulin
  - Highest Level of Care prior to Hospital

# WHAT ARE LONG-TERM HEALTH CARE EXPENSES?



**IN-HOME  
CARE**



**ADULT DAY  
CARE**



**ASSISTED  
LIVING**



**NURSING  
HOME**





# ANNUAL COST OF CARE

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- ✓ **Homemaker Services**  
\$66,350
- ✓ **Home Health Aide:**  
\$68,640
- ✓ **Adult Day Health Care:**  
\$20,675
- ✓ **Assisted Living Facility:**  
\$55,200
- ✓ **Private Nursing Home:**  
\$116,800 (Private Room)





# COST PROJECTION IN 10 YEARS

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- ✓ Homemaker Services  
➔ \$89,172
- ✓ Home Health Aide:  
➔ \$92,246
- ✓ Adult Community Care:  
➔ \$27,780
- ✓ Assisted Living Facility:  
➔ \$74,185
- ✓ Private Nursing Home:  
➔ \$156,970 (Private Room)



**60% OF PEOPLE OVER THE AGE OF 65 WILL NEED LONG-TERM CARE**





**Only 5 Ways to  
Pay for  
Long-Term Care  
Expenses**



**USE YOUR  
OWN MONEY**



**EXPENSIVE  
SPECIAL  
INSURANCE  
COVERAGE FOR  
LONG - TERM  
CARE**

Long-term care  
insurance

# MEDiCARE

**LIMITED BENEFITS FOR  
LONG - TERM CARE**





**COVERS LONG - TERM  
CARE EXPENSES IF  
YOU QUALIFY**



A photograph of a large, multi-story medical center building with a grid-like facade of concrete panels. The words "VA Medical Center" are visible at the top in green lettering. A green-tinted glass section is on the right side.

VA Medical Center

# AID & ATTENDANCE BENEFITS FOR CERTAIN QUALIFYING VETERANS

A photograph of the "Visitor Entrance" of the VA Medical Center. The entrance is a covered walkway with a white metal frame and a series of white triangular roof elements. The words "Visitor Entrance" are written in green on the white frame. In the foreground, there are two bronze statues of soldiers, one holding a child. A dark car is parked under the entrance. There are benches and a trash can in the foreground.

Visitor Entrance



# LONG - TERM CARE EXPENSE SUMMARY



- ✓ Use your own money
- ✓ Buy long-term care insurance
- ✓ Apply for limited Medicare benefits
- ✓ Become eligible for Medicaid benefits
- ✓ Qualify for Aid & Attendance benefits for Veterans

**BILL & MARY**



**JOHN & SUSAN**



**THE JONES FAMILY**





**WHAT ARE BILL'S  
OPTIONS?**



**MARY IS INELIGIBLE FOR  
LONG – TERM CARE  
INSURANCE**

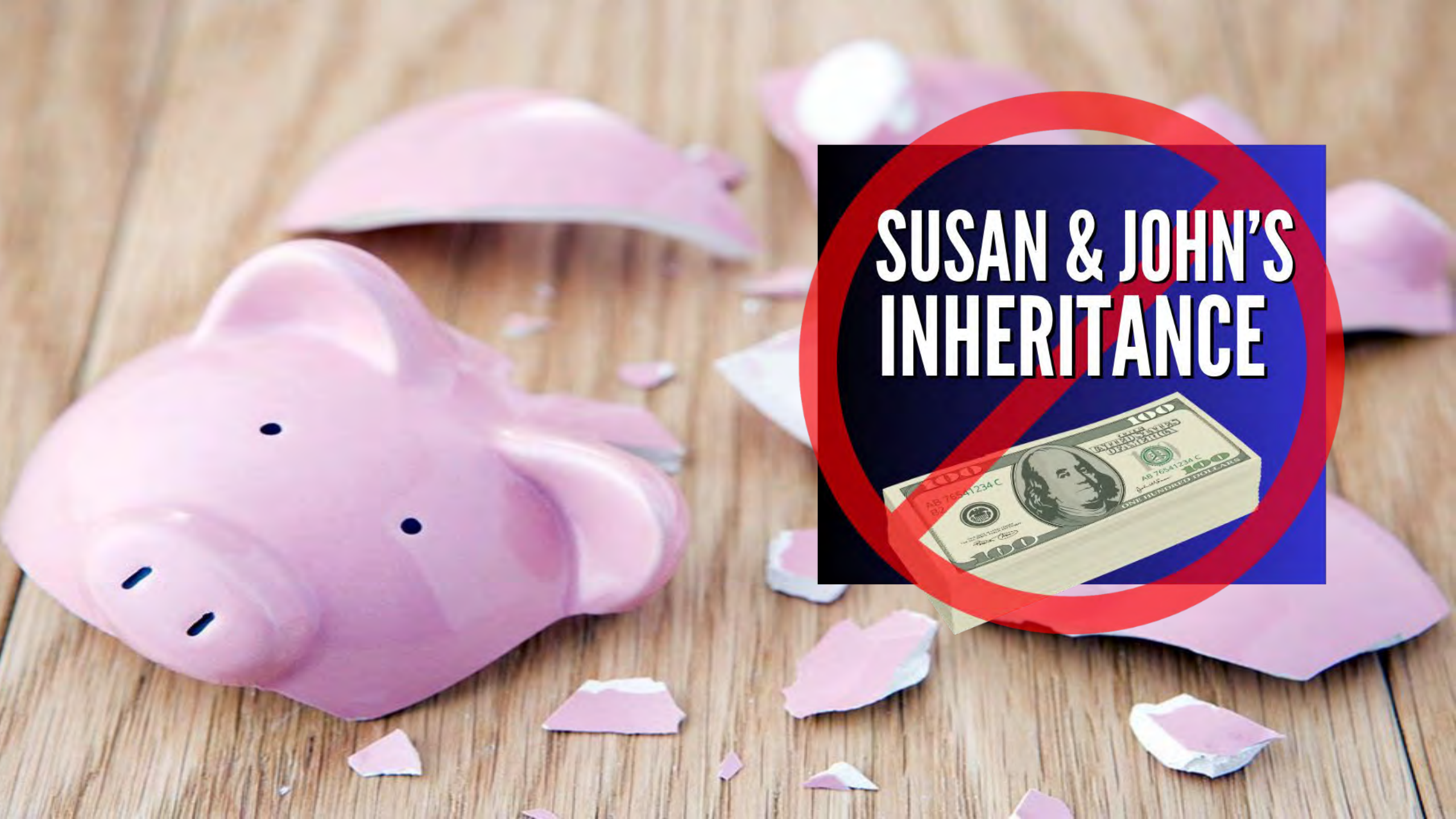
# BILL & MARY'S FINANCES



- ✓ **\$300,000 in Savings**
- ✓ **5 years in a long-term care facility with annual fees of \$102,200**
- ✓ **Totaling \$511,000**

# MEDICAID FINALLY STEPPED IN





# SUSAN & JOHN'S INHERITANCE



**START PLANNING  
BEFORE YOU NEED  
LONG-TERM CARE**



**S T A R T**



# MEDICAID BASIC REQUIREMENTS



- ✓ 65 or older
- ✓ Blind or disabled
- ✓ US Citizen/WI Resident
- ✓ Income goes towards Cost of Care
- ✓ Minimum assets





# COUNTABLE ASSETS

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- ✓ Investments
- ✓ Checking Accounts
- ✓ Savings Accounts
- ✓ Certificate of Deposits
- ✓ Money Market Accounts
- ✓ Real Property other than Home
- ✓ Retirement Account – Owned by the person needing care



# NON-COUNTABLE ASSETS

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- ✓ Home & Household Goods
- ✓ Personal Items
- ✓ Burial Exclusion
- ✓ Burial Space Items
- ✓ Business Assets
- ✓ 1 Vehicle/Couple
- ✓ Retirement Account – Owned by spouse NOT needing care

**MOVE ASSETS FROM  
COUNTABLE TO  
NON-ACCOUNTABLE**





**TRANSFER ALL  
ASSETS TO FAMILY  
& FRIENDS**



# ALL ASSETS AT RISK



- ✓ Divorce
- ✓ Accident liability
- ✓ Legal judgment
- ✓ Creditor claims
- ✓ Bankruptcy

# Living Trusts not designed to qualify for Medicaid





# BENEFITS OF A FAMILY WEALTH TRUST

- ✓ Avoids Living Probate
- ✓ Avoids Death Probate
- ✓ Minimizes Death Taxes
- ✓ Provides Divorce and Creditor Protection for beneficiaries
- ✓ Provides Remarriage Protection for surviving spouse
- ✓ Provides protections for Special Needs beneficiaries
- ✓ Creates measures to prevent family fights, and...
- ✓ Provides a way to pass on family values and experiences



# REVOCABLE TRUSTS ARE AVAILABLE FOR NURSING HOME COSTS & MEDICAID



**YOU NAME THE TRUSTEES & HAVE RIGHT TO THE TRUST INCOME**



**TRUSTEES MANAGE THE TRUST**

**RIGHT TO INCOME, BUT NO RIGHT TO PRINCIPAL**



# NOT EASY TO NAVIGATE MEDICAID'S COMPLEX RULES



*Some  
surprising  
results!*



# MEDICAID QUIZ #1

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Does this couple qualify for Medicaid?

- **Assets: \$700,000**
  - Home \$500,000
  - Home furnishings \$100,000
  - Mercedes Benz \$70,000
  - Savings \$20,000
  - Prepaid funeral \$10,000
- **Monthly income: \$7,000**
  - Husband \$5,000
  - Wife \$2,000

• **Does Wife qualify for Medicaid?**



# MEDICAID QUIZ #1

Does this couple qualify for Medicaid?

• **Assets: \$700,000**

Home \$500,000

Life insurance \$100,000

Medical savings \$70,000

Savings \$20,000

Unpaid funeral \$10,000

• **Monthly income: \$7,000**

Husband \$5,000

Wife \$2,000

• **Does Wife qualify for Medicaid?**

**APPROVED**

# MEDICAID QUIZ #2

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Does this couple qualify for Medicaid?

- **Assets: \$100,000**

  - Mobile home \$35,000

  - Home furnishings \$1,000

  - Ford Taurus \$4,000

  - Savings \$5,000

  - Retirement \$55,000

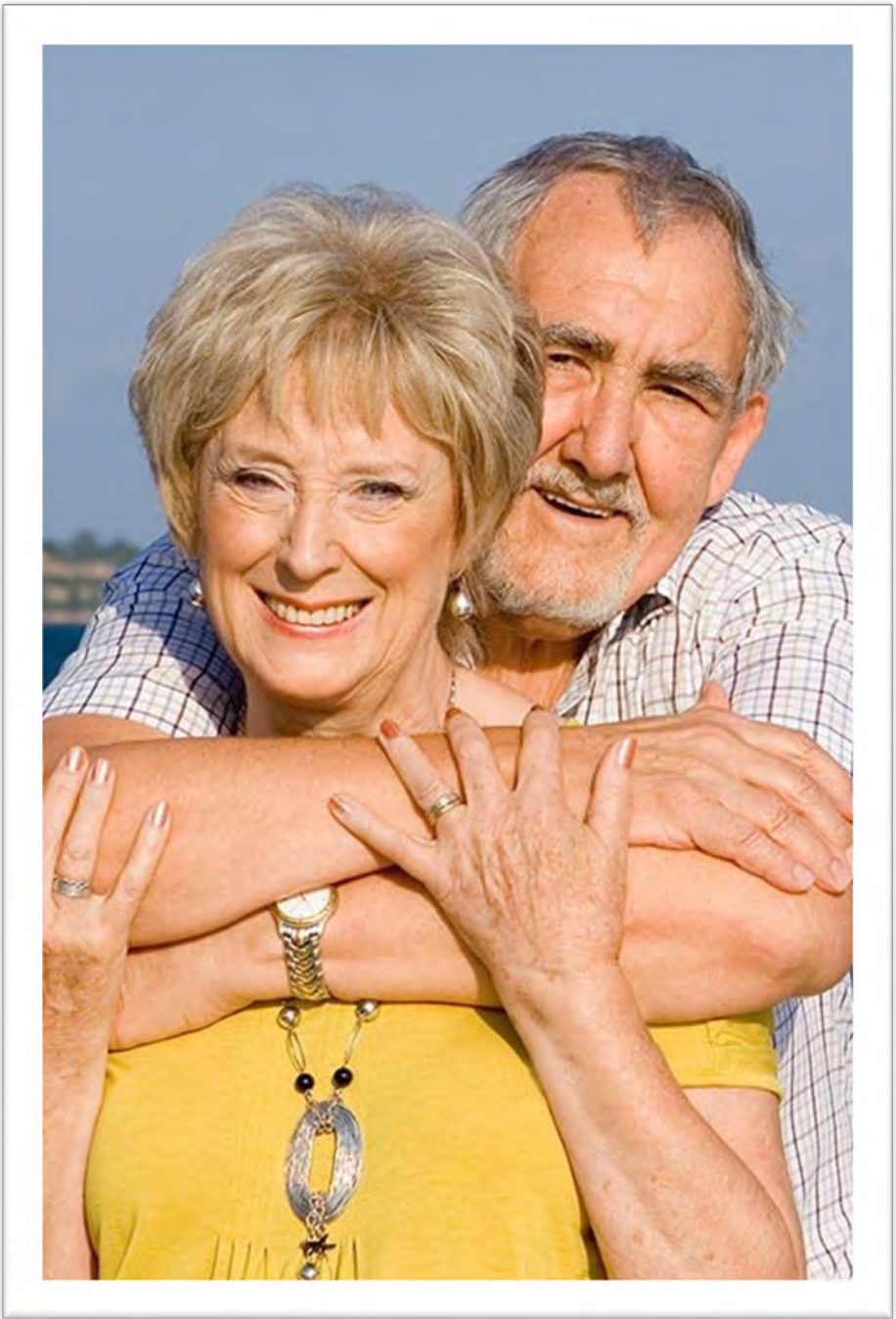
- **Monthly income: \$3,540**

  - Husband \$1,340

  - Wife \$2,200

- **Does Wife qualify for Medicaid?**





# MEDICAID QUIZ #2

Does this couple qualify for Medicaid?

• **Assets: \$100,000**

Mobile home \$25,000

Home furnishings \$1,000

Federal rate \$4,000

Living \$1,000

Remaining \$50,000

• **Monthly Income: \$3,540**

Husband \$1,340

Wife \$2,200

• **Does Wife qualify for Medicaid?**





# MEDICAID PROTECTION STRATEGY



**WHAT IF BILL & MARY  
HAD THIS PLANNING?**



# NURSING HOME PROTECTION REQUIRES EXTRA SPECIAL PLANNING



**WHY DON'T PEOPLE PLAN?**



# #1 PROCRASTINATION



Tomorrow never comes...

# #2 LACK OF KNOWLEDGE





# WHAT'S YOUR NEXT STEP?

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## Ask Questions:

- Discuss this with an Estate Planning Attorney who is experienced in this subject matter
- Discuss this with your financial advisor - start crunching the numbers
- Ask the Questions that will give you Peace of Mind

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# HELP EDUCATE OTHERS

**Family  
& Friends**

**Business  
Associates**

**Neighbors**

**Place of  
Worship**

**The KHT Team would be happy to speak to any groups or organizations you belong to.**

# ANY QUESTIONS?



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