

A calculator is positioned in the foreground on the left, with a document featuring financial data and handwritten notes in the background. The document includes a table with columns for 'Investment' and 'Value at Year end', and a handwritten note that says 'Can we do this?'.

# Financial Concerns and Planning

It's not easy to think about the possibility of our loved ones needing memory care, but being prepared will make the transition easier for everyone. That's why if a loved one has been diagnosed with dementia, or if you're beginning to see the signs, it's best to get prepared sooner rather than later.

## Getting Started

The first step is getting important documents and information gathered and organized. This is the foundation of a financial plan and is key in preparing for and paying for future care needs.

Even if your parent or loved one lives alone, you can and should ensure that you're both prepared in case the need for long-term care arises. Make sure that you know your loved one's personal information and where these important documents are located, and that you have access to their accounts. Your loved one can authorize your access to their accounts and financial information, as well as give you the authority to speak with their doctors, lawyers and banks on their behalf. That's why planning ahead is important! It's best to get this done now.

It's a good idea for you and your loved one to talk to a lawyer about getting a Power of Attorney. This document will grant you the authority to make medical, financial or other types of decisions for your loved one, if he or she should become incapacitated. It's very important to have a discussion with your loved one about the importance of this document before it's too late.

If your loved one were to become incapacitated and unable to sign the document, then you would need to apply to the court for a conservatorship or guardianship, but the process for these roles can be costly and time-consuming, so it's best to think ahead and get a Power of Attorney as soon as possible.

Don't hesitate to ask for help from professionals! It can be very overwhelming to gather all these documents, and to gain access to your loved one's accounts and information, or to even know what is most important to have. Reaching out to a lawyer for advice can save you time and stress. You may also want to consider consulting with a financial advisor.

Here is a checklist of common items to start with (but it may not be all-inclusive):

- Make sure you know their full legal name, SSN, and date and place of birth.
- Birth, marriage and death certificates, as well as any citizenship documentation
- If applicable, military records
- Names and contact information for family, close friends, doctors and lawyers.
- Income and asset information--pension, IRAs, 401(k)s, stocks, bonds, etc.
- Social security information
- Living will and most up-to-date will.
- Health insurance, Medicare or Medicaid information
- Insurance information (home, life, auto, etc.)
- Bank account(s) information
- Credit and debit card numbers and passwords/pins
- Mortgages and other debt
- Deed of their home
- Car title and registration

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## The Costs of Dementia Care

The costs of dementia care can really add up, which is why planning ahead is so important. You may spend upwards of \$200,000 on care, and this is only for a care community!

Other costs include doctor's appointments, prescriptions and--if you're caring for your loved one at home--things like home safety upgrades (ramps, locks, surveillance, etc.), supplies and tools to help manage your loved one's symptoms and improve his or her quality of life (like automated pill dispensers, dementia-friendly clocks, recorded voice reminders, etc.), as well as respite care and/or professional in-home care.

**When you consider all this, it's not surprising that the estimated lifetime cost of care for someone with dementia is over \$350,000.**

## Creating a Budget for Memory Care

If caring for your loved one at home, you'll have to consider that as the disease progresses, you may not be able to handle care by yourself. It's important to keep someone suffering from Alzheimer's or dementia safe and comfortable, but it's also important to avoid fear and confusion whenever possible.

When dementia has progressed into the moderate phase (meaning that the patient needs some help with their basic activities of daily living like dressing, bathing and grooming), **it isn't safe to leave them alone, even for short periods of time.** At this point, if work or other obligations require you to leave the home and there is no one else there to stay with your loved one, you will have to reach out for help, whether it is from family or a professional.

The costs of hiring help at home varies, but the average cost for a non-medical home health aide is \$24 per hour (\$960 per week, assuming 40 hours of care per week). Dementia patients often require around-the-clock care, including throughout the night, so it might be a good idea to also have someone available to help out at night. You should take this into consideration when budgeting for home health care.

Adult day care services, which have an average price of \$74 per day or \$370 per week, can be a less expensive choice, but it may not be an option, depending on how far the dementia has progressed. Most adult day care centers are not equipped to care for people whose dementia has progressed past the mild stage.

With adult day care, your loved one will have to leave the space that they are comfortable with, and that can be upsetting for some people. However, it can also be beneficial--a change of scenery and the opportunity for more social activities can help to reduce the effects of memory impairment. For individuals whose dementia is still mild, adult day care can take some of the workload off of caregivers.

As dementia progresses, so do the care needs for individuals. At some point, the time may come when your loved one may need the full-time care and support of an assisted living facility, specifically one that specializes in memory care.

Assisted Living communities that are licensed in Texas as a Certified Alzheimer's Care Facility have additional rules and safeguards. One of these requirements is **secured environments with specially trained staff available immediately, day or night, should the need arise.**

The cost for direct care support can vary widely depending on the locations and the types of services offered, but because of these safety precautions and the highly trained staff these facilities require, the cost for this type of care can cost more than less comprehensive care.

Organizations who offer Certified Alzheimer's Care services typically have a standard monthly fee higher than a traditional assisted living fee. Some facilities also have add-on fees for extra services. Monthly rates can start around \$4500 and go up to \$7000 or more per month.

It's one thing to know the potential monthly costs, but another to know how much you'll need to set aside. Planning for the future can be tricky, but you can work with your loved one's doctor and financial advisor to gauge your anticipated expenses.

**Medicare does not cover the costs of assisted living facilities or long-term care facilities.** However, Medicare will cover qualified healthcare costs while your loved one is living at certain facilities. That is, Medicare may cover certain medical costs while the patient is living in the facility (for example, medications) but not any other costs of assisted living care. Medicare is more often used to pay for a skilled nursing facility ("Nursing home").

## Other Ways to Pay

Health insurance doesn't typically cover assisted living or memory care services either, but if you want to avoid paying out of pocket for care, you have a few options.

### Using Assets

With some creative thinking, and maybe a consultation with a financial planner, you can use the assets your loved one currently has to pay for their care. Selling a home, taking out a reverse mortgage loan, or cashing in on any applicable life insurance policies can all possibly fund assisted living costs for a few years.

### Veterans Benefits

Veterans Benefits are also an option for veterans and their spouses. The Veterans Aid and Assistance program provides veterans who served during active wartime (and their spouses) with financial assistance.

## **Long-Term Care Insurance**

Another option is long-term care insurance, which is designed to help with these types of costs. This type of insurance policy helps to cover the cost of care for chronic medical conditions, like dementia. Most policies will reimburse the policyholder for care received at home, as well as care received in a skilled nursing facility, assisted living facility or adult day care center. However, long-term care insurance requires some planning. An individual won't qualify if he or she already has a debilitating condition.

Besides the cost of care, room and board and other aspects of an assisted living facility, there are other financial details to consider, such as moving costs, medical and prescription costs not covered by Medicare, additional fees not covered by some facilities, and any extra money you want set aside for your loved one's enjoyment.

## **Conclusion**

It's common to put off these difficult conversations and decisions, but planning now will avoid uncertainty, fear and anxiety later, for both you and your loved one. By finding and organizing important documents, gaining access to accounts and personal information, and making a decision about the type of care you may need and the budget you have, you can ensure that you and your loved one will have the smoothest transition possible.