

# ARKANSAS ESTATE PLANNING GUIDE

2021

*Planning for a better tomorrow, today.*

**PLANNING FOR YOUR  
AGING PARENTS**

**COMMON  
MISCONCEPTIONS  
ABOUT POWERS  
OF ATTORNEY**

**SIX KEY RETIREMENT  
CONSIDERATIONS**



## **STEVEN MICHAEL MCCLELLAND ATTORNEY**

Steven McClelland is owner of McClelland Law Firm, P.A., an estate planning, probate, and elder law firm with offices in Sherwood and Searcy, Arkansas. He served as the Elder Law Chair of the Arkansas Bar from 2019-2020. As a member of the National Academy of Elder Law Attorneys (NAELA), he keeps up to date with the latest trends and issues facing his clients.

When he is not in the office, he enjoys spending time with his wife and three daughters. His skills of listening and understanding are not just a professional skill but an extremely important personal skill. At home, he enjoys the company of his male beta fish that his daughters named, "Buttercup."

## **HILLARY BRANHAM ESTATE PLANNING LAW CLERK**

Hillary Branham is a graduate of the University of Arkansas at Little Rock Bowen School of Law. As a law clerk, her focus is estate planning and medicaid qualification. She believes the family atmosphere at our firm creates the right environment for caring for our clients as extended family.

Her family consists of her husband, TJ, her black lab, Eden, and a family of chickens. In her free time, she loves gardening and making the best cinnamon rolls.



## **BRITTNEY SPROUSE PROBATE PARALEGAL**

Brittney has her associate's degree in Accounting from the Columbus Technical College in Georgia. She helps our clients through the long probate process. Her favorite aspect of her work is giving clients answers as they go through life's toughest challenges. As a military spouse, she loves to spend time with her daughters and husband.







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# BY THE NUMBERS

## The Silent Generation

Age Today: 75-95  
Born: 1925-1945

- (1) Avg. # of Children 2.51
- (2) Med. Net Worth \$264,800
- (3) Med. Household Income \$52,465  
*(as of 2019)*
- (4) % of Households with Pets 6%

This generation includes John Lennon, Elvis Presley, and Martin Luther King, Jr.

## Baby Boomers

Age Today: 56-74  
Born: 1946-1964

- (1) Avg. # of Children 2.27
- (2) Med. Net Worth \$205,700
- (3) Med. Household Income \$56,324  
*(as of 2019)*
- (4) % of Households with Pets 27%

This generation includes George Clooney, Tom Hanks, and Elton John.

## Generation X

Age Today: 40-55  
Born: 1965-1980

- (1) Avg. # of Children 1.92
- (2) Med. Net Worth \$122,667
- (3) Med. Household Income \$110,138  
*(as of 2019)*
- (4) % of Households with Pets 32%

This generation includes Leonardo DiCaprio, Will Smith, and Tiger Woods.

## Millennials

Age Today: 24-39  
Born: 1981-1996

- (1) Avg. # of Children \*1.97
- (2) Med. Net Worth \$47,267
- (3) Med. Household Income \$97,755  
*(as of 2019)*
- (4) % of Households with Pets 35%

This generation includes Taylor Swift, Serena Williams, and Michael Phelps.

(1) Statista (2) NerdWallet (3) Statista (4) Statista \* - An estimate based on recent statistics.

# LIFE EXPECTANCY

(1.)

## 83 Years

Life Expectancy of a 65 year old  
US Male

(2.)

## 85.6 Years

Life Expectancy of a 65 year old  
US Female

(1.) and (2.) CDC National Center for Health Statistics. Table A.Expectation of life, by age, race, Hispanic origin, race for the non-Hispanic populatino, and sex: United States, 2017



# RETIREMENT STATISTICS

(1.)

**\$32,000**

Average Retirement Savings for a Single Adult Aged 32-61

(2.)

**\$78,000**

Average Retirement Savings for a Married Couple Aged 32-61

(3.)

**\$281,000**

Average 401k Balance of Generation X

(4.)

**\$366,100**

Average 401k Balance of Baby Boomers

(5.)

**\$1,448.48**

Average Monthly Social Security Benefit in Arkansas

(6.)

**\$1,097**

Average Monthly Out-of-Pocket Medical Expenses at Age 65

(1) CNBC (2) CNBC (3) Fidelity (4) Fidelity (5) Yahoo! Finance (6) CNBC



# NURSING HOME AND LONG-TERM CARE

(1.)

## 79 Years Old

Average Age of Admission to  
Nursing Home

(2.)

## 835 Days

or

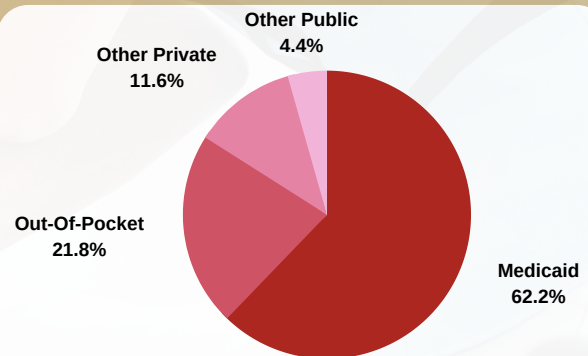
## 2.28 Years

Average Length of Stay in  
Nursing Home

(3.)

## 40%

Percentage of People Who Reach Age  
65 Who Will Enter a Nursing Home



(5.)

## \$119

Daily Median In-Home Care  
Costs in Arkansas (44 hrs/week)

(6.)

## \$200

Daily Median Nursing Home  
Facility Costs in Arkansas

(1) Morningstar (2) National Care Planning Counsel (3) Morningstar (4) The SCAN Foundation (5) Genworth (6) Genworth



# Details To Know Before Signing A Nursing Home Contract

Suppose your mother can no longer make decisions for herself and she now needs nursing-home care. You are stressed and anxious. The nursing home puts a twenty-page, single-spaced contract in front of you. You wish you could flip straight to the last page and sign then and there, just to get it over with.

Do not do this. You could be agreeing to pay, out of your own pocket, many thousands of dollars for your mother's care.

Try to get your mother admitted and then, before you sign the contract, bring it to us for our review and guidance. Once your mother has moved in, she can't be evicted just because you want to negotiate the contract.

But if that is not feasible, then sit down and take a few deep breaths. Read the contract carefully. Make a list of questions and ask a facility representative to explain. Ideally, that person would sit with you as you go through the document. Don't sign until you understand. Here is what to watch out for:

## **You should not use your own money to pay!**

Do not sign the contract if it requires you to obligate yourself to pay with your own money.

Carefully scrutinize any language referring to you as the "responsible party" or "resident representative" or "agent."

The suspect buzz-words are "co-signor," "guarantor," "personally guarantee," "personally liable," "private-pay guarantor," "surety," "individual capacity," or any such language. Words like these obligate you, personally, to pay if your mother doesn't have the money.

Don't sign even if there are no buzz-words, but the language looks something like this: "If the resident does not or cannot pay, I will pay the amount owed for residency charges, services, equipment, supplies, medication, and other charges."

Please understand that it is legal for the facility to require you, if you hold financial power of attorney or are guardian, to pay nursing-home bills from your mother's money and assets.

It is legal to require you to spend her money on her care and not for any other purpose. It is not legal to condition your mother's admission on your agreeing to pay her bills with your own money, which is what the above buzz-words mean in plain English. The nursing home can ask you to agree – and if they ask, refuse – but you cannot be forced to agree to pay with your own money.

If your mother lacks the money, the next step is to apply for Medicaid assistance, not to go digging into your pocket.



Sometimes the contract is confusing. For instance, one nursing-home agreement says that the representative “personally guarantees continuity of payment.” This alarming language is properly followed by an italicized statement that the representative is “not required to pay for Resident’s care from his/her own personal funds.”

The agreement proceeds, though, to use the phrase “personally guarantee” in other contexts. Ambiguity like this is why we recommend that you first bring the agreement to us. We can ensure, on your behalf, that the facility clarifies such language and does not misapply it.

**Everyone in need has the right to apply for Medicaid.**

The nursing-home contract must not require your mother to waive – give up – her right to seek government assistance like Medicare or Medicaid, nor can it ask her or you to sign any statement that she is ineligible for those benefits.

If your mother has no money to pay for care, a Medicaid application will be required. The contract may seek your permission to apply for Medicaid for you. You have the right to decline that option and, instead, seek legal counsel to help you apply. We have seen some facilities mishandle Medicaid applications, which wound up being denied when they should not have been.

In any case, though, whoever files for Medicaid, you must cooperate by immediately providing all records necessary for that application.

**If your mother is eligible for Medicaid, Medicaid pays.**

If your mother does get Medicaid, the nursing home must not require an additional payment over and above that designated by the Medicaid scheme in your State.

The nursing home must not demand that your mother receive additional services not covered by Medicaid and then, if your mother declines those services, evict her. It should ask, in advance, whether those services are desired at specified additional cost.

The nursing home must not require additional donations to a charity as a condition of admittance.

**Do not agree to arbitration.**

The contract may seek your consent to arbitration. If you agree, you will be giving up your right to a jury trial if a dispute arises. The rules are in flux at the moment, but, generally, you should decline such a provision.

**The nursing home must protect property reasonably.**

The nursing-home contract may try to fudge its responsibility to take care of your mother’s property, but the bottom line is that it is obligated to care for your mother’s property during her stay. You should, however, use good judgment to safeguard her valuable property like fine jewelry by keeping it elsewhere.

**Protect yourself. Cross out, and sign the right way.**

Cross out provisions in the contract that you decline, and put your initials by the strike-outs. Be sure to sign the contract only as your mother’s agent. Your signature should read: “[Mother’s name], by [your name], her agent.”

To be fair to nursing homes, they are entitled to be paid and they often have difficulty collecting on legitimate debts. Facilities are forbidden from suing to take a resident's Social Security or pension income.

They must comply with strict federal consumer-protection restrictions. Despite these payment hurdles, they must still protect frail and vulnerable people from all manner of harm. They also suffer public hostility, thanks to the misconduct of some bad actors. We always urge cooperation with nursing-home personnel if feasible, because their job is a difficult one.

Thus, no matter how reputable the facility, it is good judgment to consult an attorney before you sign an admission contract. If that's not possible, then take care and time to study the contract, get facility staff to explain it to you, and strike out the objectionable provisions as advised above.

A few moments of care, even despite the stressful circumstances you are surely in at the time, can save you a lot of difficulties later. If you have questions about planning for long-term care for yourself or a loved one we can help. Contact our Sherwood or Searcy office by calling 501-834-2070.

Need assistance finding a place for your loved one?  
Contact us for a referral to a local nursing home.





# Planning For Your Aging Parents

Aging is something you cannot escape, and it affects all family systems. It can be challenging for adult children to imagine their parents as seniors and to understand and respond to the reality that each parent will age differently.

Even if you are in the fortunate circumstance where your aging parents can go it alone for a long time there will come a day when assistance or long term care will be needed. There are things to consider as you help your parents live their best possible aging scenario. Managing their welfare takes time, research, and planning.

Your parents and their abilities to remain independent are most easily defined by activities of daily living and instrumental activities of daily living (ADLs and IADLs). Activities of daily living address daily functional mobility like getting in and out of bed or a chair, self-feeding, bathing and personal hygiene, the ability to use the toilet, and the ability to get dressed. These are essential daily living requirements that promote dignity and physical as well as emotional well-being for your elderly parents. If your parents are having difficulty managing these ADLs, it is an appropriate

time to find help for them whether it is you or another qualified caregiver. IADLs include all ADL activities and more. The additions are grocery shopping and cooking, medication management, laundry, and other housework, bill paying and finance management, using a telephone, and driving or using public transportation.

Recognizing your parent's limitations in any of these categories is a sign that you need to **develop a care plan** that provides appropriate assistance. The degree of change or sometimes multiple changes is an indication that staying at home may no longer be appropriate and safe for your parent. If you require assistance in determining suitable care needs, you can set up a comprehensive geriatric assessment by a medical professional. Take an honest look at the stage of life your parent is experiencing and then find the support and help they require.

Your aging parents' geographical location is critical to consider as a family. Families are fortunate when one adult child lives nearby and can ensure their parent's well-being. Video chat either online or through a phone application.



A friend may live close by and can do wellness checks and provide information about behavioral or health changes. If none of these options are viable, it may be time to discuss the idea of your parent(s) downsizing into another more supportive location and living arrangement.

Having this discussion is best before a parent's adverse health event. Making residential changes without a previous plan in place can negatively impact on the parent, especially when experiencing a health care crisis. When aging at home cannot be appropriately managed, it is time to consider the alternatives. These alternatives may include independent living communities, assisted living communities, nursing homes, or living with a trustworthy and capable relative or family member.

All of these assessments and changes in your parents' lives impact their financial outlook. Making necessary residential changes can often be very costly, and your parent may need additional financial support from government or community programs to offset the difference in expenses. It is critical to take advantage of all possible financial help. As an adult child, you may have to begin managing their finances and retirement funds more actively. There are various federal, state, and non-profit groups that provide free tax assistance for seniors.

Some of the better organizations to help you navigate what is available are online and include [Benefits.gov](https://www.benefits.gov), [Area Agency on Aging](https://www.areaagencyonaging.org), and [Benefitscheckup.org](https://www.benefitscheckup.org). These groups can help you assess the best strategies for housing, healthcare, financial assistance, legal aid, transportation, in-home services, prescription drugs, energy and utility support, and nutrition. [BenefitsCheckUp](https://www.benefitscheckup.org) is part of the National Council on Aging and is considered the nation's most comprehensive online service for seniors with limited income and resources. The information available canvases all 50 states and the District of Columbia.

Caring for your aging parents should not be the job of one family member. The commitment should not be a burden, and responsibilities should be shared. Look for caregiver support organizations and forums as well as involving all family members.

Everyone should do their part. The goal is to find the best blend of options and resources to allow your parents to age happily and well. Your parents' health changes require that programs and opportunities change too. Caring for your aging parent is a dynamic process that must be retooled as their needs

Caring for your aging parents should not be the job of one family member.



# Tips For Choosing The Right Nursing Home

Choosing a nursing home for a loved one is an important decision and should be carefully considered. It is important for families to take the time to explore nursing home options and to carefully assess the nursing home facilities in order to choose the best care for the loved one. Below are four steps designed to assist families in choosing a nursing home.

## Identify Nursing Homes in the Area

The first step in choosing the right nursing home is to identify all the possible nursing home options in the area. Asking friends, family, and other people you trust is an excellent way to begin the search for possible options, especially if you have had personal contact with the nursing home. Doctors and hospitals can also help identify nursing home options that provide the type of care a loved one may require.

Another option is using the internet to locate nursing home facilities. The Medicare website has a locator for nursing homes and even provides some comparisons of nursing homes – an important benefit highlighted in the next step below.

## Research the Quality of Care Provided by the Nursing Home

Using comparisons like those found on the Medicare and Medicaid websites can be a very helpful starting place for gathering information on nursing homes and the quality of care provided. Many facilities may provide survey results that can give insight into the facility's care. Other sites that allow consumers to post reviews, like Yelp.com, can also be an important way to compare nursing homes. While best known for its restaurant reviews, Yelp also includes reviews of skilled nursing facilities and rehabilitation centers.

## Visit the Nursing Homes in Person

After doing ample research, it is time to visit the nursing home. Nursing homes will schedule tours for prospective residents. While there, pay close attention to the cleanliness of the facility, and the appearance of the residents. Make note of what the residents are doing and how they look. Are they engaged in activities, is there evidence of neglect, is there enough staff to attend to the patients? Ask about patient to caregiver ratios so you can compare it with other nursing homes.

Other things to consider include how the facility provides for social, religious, recreational, or cultural needs, and the types of meals they prepare. You may have the opportunity to have a meal during your visit, which will allow you to sample a meal, but also observe how the residents are treated during meal times.

Before leaving, find out who you can call if you have additional questions. Then, make a second unplanned visit at a different time or on a different day. An unplanned visit will allow you to observe the nursing home and its residents on a "normal" day.

## Choose a Nursing Home

Making notes during the first three steps can help families go back and carefully look at the information gathered to make a decision. If more than one facility fits the needs of the loved one, then it is important to consider cost and what is most important to the family.



Once a nursing home is chosen, an agreement will need to be signed. It is important to have an elder law attorney review this agreement to make sure there are no hidden provisions, like holding a child responsible for non-payment, or a minimum number of months before a resident can apply for Medicaid.

These steps will allow families to make the best nursing home choice possible. Although, many families find themselves in sudden need of a nursing home facility after hospitalization, most have time to make preparations. If time is not a factor, following these steps can help to avoid making a poor decision for the loved one in need of care. Any long-term care decision is made best when families are armed with as much information as possible.

Ask our firm for a referral today!  
Our experience can help you find the right fit.







# Innovative Technologies Provide Opportunities For Aging In Place

The silver tsunami of Americans has inspired the technology industry. There are continuous developments and implementations of inventive digital Internet of Things (IoT) solutions that transform the lives of aging adults as well as their caregivers. Each new tech development cycle strives to provide a product that is more robust while increasing its ease of use. Keeping up with digital advancements and trends can make a profound difference in a senior's life.

## **Remote Sensors Monitor Health and Safety**

For seniors and near seniors opting to age in place, Silver Mother Sensors can continuously monitor their health and safety. In essence, "Mother" is a data tracker with lots of built-in flexibility. Remote sensors communicate with the mother hub, and useful, real-time information attached to household items. Family members or caregivers track their loved one's activities using an app and respond to any behavioral changes.

Silver Mother Sensors can relay hydration measurements through sensors placed on drinking bottles. It can track sleep patterns and spot health issues through a sensor placed on the mattress. It also can monitor the temperature to ensure a comfortable environment as well as provide mobility alerts through sensors placed on doors.

Mobility alerts are particularly useful for dementia wandering prevention. Silver Mother sensors affixed to in-home devices and appliances are a great way to monitor a senior and give caregivers the option of remote monitoring.

## **Car Locator Apps Help Find Parked Cars**

Instrumental Activities of Daily Living (IADLs) include driving to and from doctors' appointments, shopping centers, social activities, and more. Parking a car in a large lot or multi-level garage can become confusing for a senior when it is time to head home. Remembering where they have parked their vehicle can be a challenge. While there are several GPS-based parking locator apps available, the iPhone Park'N'Forget app is reliable, easy to use, and very inexpensive.

For those with Android smartphones, there are also several apps available. One of the easiest to use is "find my parked car", which allows you to save your parking location easily and then find your vehicle when it is time to leave. All of these GPS-based car locator apps require your smartphone location to be active to work correctly.

## **Apps Adjust Hearing Aid Settings**

Hearing loss is becoming increasingly prevalent in the aging American population, according to the Department of Health & Human Services.

Applications are now available that can allow a senior to modify settings on their hearing aids instead of having to make a trip to the audiologist. These apps should not replace a professional audiologist who can fine-tune your hearing aids but allow for occasional tweaks in-between regular professional appointments.

Seniors with iPhones can use the app ReSound, which enables them to connect their hearing aids to their iPhone, iPad, or Apple Watch via Bluetooth. The app will allow the user to adjust volume, treble, bass, as well as create customized settings for specific environments. Seniors with Android-based technology smartphones can use one of several hearing-aid apps to make adjustments in much the same way as the iPhone counterpart. Many of these apps include a feature that allows the user to locate a lost hearing aid.

### **Digital Assistant Reminds Seniors of Daily Tasks**

While voice recognition digital assistants have become commonplace in the homes of aging Americans Reminder Rosie is specifically designed for seniors. The familiar-looking large, easy to read digit LED clock can help a senior stay on top of up to 25 tasks that are all spoken in personalized voice reminders. A loved one's familiar voice increases the chance of compliance with the task. It is also a source of comfort when the voice a senior hears is that of a family member or trusted caregiver.

Once a task is complete, the user turns off the alarm. The dates and times of task reminders, as well as pre-recorded messages of future important dates and times, are all easily accessed by voice.

### **Virtual Reality Engages Senior Minds**

Rendever is a virtual reality experience developed with the senior in mind. It can relieve symptoms of social isolation by creating virtual experiences that transport the senior anywhere imaginable. This wearable device can let a senior stroll through an old neighborhood, visit countries they dreamed of traveling to, walk through a museum exhibition, and so much more. Even without being physically present, a virtual environment allows the brain to engage as though the senior is actually in the scenario presented.

### **Constantly Changing Technology Help Seniors to Age in Place**

Health information cloud-based tracking systems and smartphone applications are changing the way Americans are aging in place. The constant in all of these systems and apps is change. Technology companies have continuous business cycles of upgrades and improvements to guide seniors to safer and healthier living. Staying current for a senior can be a daunting task, so look for reliable information through a trusted source.





# Six Key Retirement Considerations

Before you retire or leave full-time employment for other pursuits, consider the impacts of your decision on the financial well being of your future. The transition to your next phase of life, whether full or semi-retirement, adventure seeking, or family driven, requires thoughtful planning to avoid needless surprises that can mean the difference between financial success or financial stress. Whether you have been planning your retirement for decades or days, contemplating these six key retirement elements can help you avoid unexpected problems.

Health insurance and the cost of health care throughout your retirement years is the **first key consideration**. If you have been on an employer-sponsored plan, it is crucial to understand the depth and breadth of coverage options and associated costs when you leave your full-time employment. Health care costs will rise as you get older, and according to Fidelity Investments, the average 65-year-old couple will spend \$280,000 on health care costs during retirement.

Medicare is a definite help once you reach the age of 65; however, it does not cover the cost of everything, which is why supplemental health insurance becomes necessary. Learn what Medicare does cover and then explore insurances that will fill in the gaps you most need to cover, such as dental, vision, and long-term care.

If you are younger than 65, you will have to supply your health care coverage through vehicles like COBRA if that is an option available through your current employer. If not a COBRA plan you can try the Affordable Care Act (Obamacare). Employing this option and depending on your income, you may even qualify for a subsidy, but open enrollment periods are limited, and you must plan your retirement accordingly. Other insurance options include less robust coverage choices with short-term plans. These plans are only viable for generally healthy people who have no pre-existing conditions.

You may think you want to retire fully; however, it is not uncommon to shift gears and decide for a sense of purpose that you want to work part-time in your “retirement”. Depending on your age, part-time work may affect your social security benefits if you have already begun claiming them.

**The second key consideration** then is to know what your social security strategy is. Most retirees do not want to hold off on receiving their benefits at the age of 62 but the longer you can delay the larger your monthly checks will become. Your benefit increases 6 percent annually until full retirement age and then 8 percent annually until you reach the age of 70.



Since over half of Americans ages 60 – 64 are still working full or part-time, it is critical to know what effect your wages will have on your social security benefits. Nearly one-third of Americans ages 65 – 69 are still in the workforce, and their earned wages are also affecting their social security benefits. The penalty, when exceeding the earnings cap, is short-term substantial. If you make more than \$17,640 in 2019, for every dollar you exceed the cap, your benefit will be reduced by one dollar for every two dollars you earn. The monetary penalization will come back to you when you reach full retirement age in a higher monthly benefit check however it depends on your overall income, and up to 85 percent of your benefit is subject to federal income tax. The scenarios get complicated, and it is essential to understand the nuances of social security benefit rules and how they relate to your situation.

When you are preparing to retire the **third key consideration** is evaluating your tax strategies based on your income. You may have provided for passive and multiple streams of income, and they have distinct tax implications depending on the type of financial retirement vehicle or product. Many people have a variety of retirement incomes such as 401(k)s, IRAs, taxable savings, investment accounts, health savings accounts (HAS) and business or trust incomes. All of these assets have optimal times to tap into for retirement income because of tax consequences. Know your strategy especially since your annual income can affect what you pay for Medicare.

**The fourth key consideration** is to check what the risks are in your retirement accounts and income plans. By the time you retire, most of your financial portfolio should be in risk-averse financial vehicles. Evaluating and allocating your portfolio to include financially stable products like bonds or well-researched annuities is essential. If you do not have to be overly risky in your strategy, then, by all means, do not be. It is better to live comfortably, or even modestly, in your retirement years than throw everything you have on a betting wheel and come up empty-handed. If you have had the same investment strategy since you were in your early twenties, it is beyond time to re-evaluate your choices.

The **fifth key consideration** is to prepare for an adverse event by having a financial cushion. Most financial advisors recommend that you keep several years of your income away from market-driven investments and maintain the cash in more stable vehicles like money markets, cash, and other investments that have minimal risk. The rule of thumb is never put the money you need to maintain your lifestyle for the next three years at risk. That allows you time to respond to any adverse event that may crop up while maintaining your retirement lifestyle. This way, if the investment markets are down, you will not have to sell those assets, potentially at a loss, to survive.

Finally, **the sixth key consideration** is to prepare emotionally for the ups and downs and loss of identity that you have cultivated during your career. Many retirees have a difficult time transitioning to retirement when so much of their life has been defined by what they did for a living rather than who they are as a person. Many people become inextricably linked to their identity through their career and moving into retirement without that career identity can create unforeseen depression. If you do not have to work, it is important to create a new life purpose.

Volunteering and mentoring is a fantastic way to help your fellow humankind and ward off feelings of loneliness and lack of self-worth. Also, prepare yourself that the money and those asset accounts you have worked so hard for all your life are going to reflect the change of retirement brings. It can be hard to watch withdrawals for your retirement living chunk away at what you worked so hard to build. Do not go to places of dark imaginings.

Retirement spending is exactly what you worked for your entire life. It isn't always easy to transition to retirement life. Your working norm must be redeveloped into your retirement norm. Think carefully through the issues that will be most important to your success and well being BEFORE you retire.





# The Hidden Cost Of Alzheimer's Disease

When policymakers consider the costs of dementias like Alzheimer's disease, they consider both direct and indirect costs. Direct costs, in this instance, are the medical and social/non-medical care costs related to dementia; on average, expenses included \$273 per month spent on medical supplies according to a 2018 study on the costs of dementia care. Indirect costs, on the other hand, include informal care and reduced productivity as well as impacted financial security for informal caregivers and their children. Dementia is one of the costliest diseases to society. In fact, it is the third most expensive disorder in the United States. And that is before factoring in the difficult-to-calculate or "hidden" costs.

## Indirect Financial Costs

These "hidden" costs, often indirect rather than direct costs, aren't being considered by policymakers when making decisions related to dementia care. Examples include: costs prior to diagnosis, the healthcare costs for family caregivers who develop health issues from the strain of caregiving, and cutbacks in family's spending to support care. Almost 70% of caregivers reduced their living expenses to pay for caregiving costs in 2018; 34% reported spending between 21 and 100% of their monthly budget on caregiving expenses.

These costs clearly represent huge portions of household wealth for those suffering from dementia and their families.

## Impact on Quality of Life

And then there are also costs that are difficult to calculate monetarily, such as impacts on quality of life. 76% of caregivers said that they have had to choose between taking time for themselves and providing care frequently or at least occasionally; 57% have had to choose between providing care and spending time with a partner; 62% had to choose between providing care and spending time with friends; and 49% had to choose between providing care and spending time with their children. Half of current caregivers spend upwards of six hours a day providing care, which is a significant impact on their lifestyle, and has resulted in many caregivers reducing their work hours or changing their work schedule.

## Future Cost of Health Care

Furthermore, costs per dementia case may be higher in the future. Health care costs in general are rising, and there is an expected shift of caregiving from informal to formal.

## Protect Your Loved One with Planning

It can be daunting to consider how costly a dementia diagnosis can be. However, there are steps that can be taken to ensure your loved one is taken care of and that appropriate legal documents are in place that reflect their wishes about their home, their savings and their care.





## The Cost Of A Second Marriage

When people marry for the second time (or more), losing assets to pay for their new spouse's serious illness is probably the last thing on their minds when they say "I do." But that could happen. Current costs for long-term care facilities can run between \$70,000 – \$150,000 annually. Studies show that 70% of Americans will need that kind of care, perhaps for three years or longer. When One Spouse Becomes If one spouse in a marriage becomes ill, the assets of both spouses are, by and large, required to be spent on the ill spouse's care before Medicaid benefits become available. This could be a big problem, especially if money that the well spouse had saved for her children's inheritances goes to pay for the ill new spouse's care instead.

### Careful Planning Provides Protection

With careful planning, this need not happen. Financial arrangements can be made to protect the estate of the well spouse and to ensure that the spouse who needs care will be responsible to pay his or her own way. The benefits rules do provide that the spouse who does not need care yet may keep an allowance of a certain sum for that spouse's benefit. This is known as the "Community Spouse Resource Allowance" (CSRA). But many find that the CSRA is too small to permit the well spouse to maintain her standard of living, pay for her retirement, and still leave enough for her children to inherit.

**Twenty years from now you will be more disappointed by the things you didn't do than by the ones you did do.**

### Strategies to Protect Assets

Any planning or shifting of assets must be done very carefully and only after consulting with experienced professionals like us. The Medicaid rules heavily penalize transfers of assets made without receiving value in return. Gifts, in other words. Assets can be protected, though, by a number of strategies that are permitted by the Medicaid rules. Some or all of the well spouse's assets could buy a Medicaid-compliant annuity. This would provide an income stream for the well spouse, without the assets being otherwise deemed available to pay for the ill spouse's care.

In turn, the assets of the spouse needing care could be transferred to people whom that person especially trusts: a trustee, or an agent for financial affairs, or a family member or beneficiary. That kind of transfer would be subject to penalty, but planned-for, using the strategies permitted under the Medicaid rules. Some relief from penalties can be achieved using existing Medicaid rules.

### Long-Term Care Coverage

There are also insurance products available to provide for long-term care coverage, which any newly married couple – or everybody, really – ought to consider.



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# COMMON MISCONCEPTIONS ABOUT POWER OF ATTORNEY

A durable power of attorney is one of the most important estate planning documents you can have. It allows someone who you appoint (your agent) to make decisions on your behalf in the event you become incapacitated. If you have not appointed an agent then your friends and family may not have the authority to make decisions on your behalf. In that case, a judge may have to appoint someone for this task, which can require a court process that is expensive and tedious.

While a durable power of attorney (POA) is one of the most common estate planning documents, it is also one of the most misunderstood. This article will break down some of the common misconceptions regarding POAs and help you understand what you need to create a valid POA.

**Misconception:** Technology is so great now, there is no need to speak with an attorney, I can just create my own POA online. **Truth:** POAs are not one-size-fits-all. Each person's situation is unique. If you use a cookie cutter program it may not cover specific transactions. In order to conduct many financial transactions specific language must be used to grant proper authority. Elder law attorneys create these documents regularly which gives them valuable experience in unique situations and can make sure you have all your bases covered.

**Misconception:** POAs are one-and-done documents. Once I create it I will never have to touch it again.

**Truth:** POAs are documents that should be updated regularly. Laws change and if you have not regularly updated your documents you may find out too late that your POA is not valid. Further, some financial institutions may not accept a POA that was not updated in the last few years for fear of a lawsuit.

**Misconception:** I shouldn't make my POA active until I become incompetent (a "springing" POA).

**Truth:** While the timing of granting agency through a POA is a matter of personal preference an immediately effective POA should be considered. A springing POA usually requires a finding of incompetency by at least one doctor and sometimes two. However, there may be an emergency where a doctor will not sign off that you are incompetent. Making your POA effective immediately removes the need for a doctor to declare you incompetent.

**Misconception:** I don't need a POA, I'm young and healthy, plus I don't have many assets.

**Truth:** Every single person over the age of 18 should have a POA. You never know when something catastrophic may happen. You need to have a plan in place to take care of you in the event you become incapacitated unexpectedly. If you do not have these documents in place then you have no control who will be making decisions on your behalf. It can be expensive and time consuming for your loved ones to go through the court to have one of them appointed by a judge.

**Power of Attorney (POA) documents are not one-and-done documents. They should be updated regularly.**

# PLAN AND PROTECT YOUR FINANCES AS YOU AGE

It is true that you spend the first half of your life trying to get something and the second half of your life trying to keep it. If you are a senior, or very nearly there, it is time to review how you plan to protect your finances. Below are seven steps to assist you in your financial planning.

## Get Qualified Help

Unless your expertise is in senior financial planning the best thing to do is get qualified help. Be sure to check professional credentials when retaining the services you most need. The Financial Industry Regulatory Authority has a web site ([www.finra.org/investors/professional-designations](http://www.finra.org/investors/professional-designations)) that can guide you and provide tips on choosing an investment advisor. Additionally you should prepare for the possibility that you may not be able to manage your finances in the future.

It is a good strategy to write down a list of your financial institutions and account numbers and put it in a safe place so that it is accessible to your family or loved ones in the event of an emergency.

Consult a qualified attorney to help you decide if you should formally designate a trusted individual with power of attorney (POA) over your finances.

POAs vary from state to state so be certain you understand your particular situation. Should you move to a new state get a local attorney to review if changes need to be made to your legal documentation.

## Develop a Spending Plan

Develop a spending plan and learn new ways to limit expenses. If you no longer commute by car to work advise your auto insurer and it will likely lower your rate.

Create short term goal savings with pension money or other sources of income for holiday gifts or vacations so that you avoid large withdrawals from your retirement investments. Short of a disaster do not touch your principal; it takes money to make money. Use senior discounts and programs, learn how to spend less and live within your means.

## Limit Unwanted Marketing

Realize your age makes you a target for marketers. You can limit incoming phone calls by joining the national Do Not Call Registry ([www.donotcall.gov](http://www.donotcall.gov)) and learn how to limit other unwanted marketing or identity theft by visiting Consumer Information on the Federal Trade Commission website ([www.consumer.ftc.gov](http://www.consumer.ftc.gov)).

Also, to reduce spending, carefully review your credit card and bank statements to be sure you do not have any auto subscriptions to services you don't use or could live without. You can potentially save hundreds of dollars each year in fees that are automatically charged to your credit card or bank account.

## Check Your Credit Report

Check your credit report once a year for accuracy ([www.annualcreditreport.com/index.action](http://www.annualcreditreport.com/index.action)). According to Wikipedia the website is "...jointly operated by the three major U.S. credit reporting agencies, Equifax, Experian, and TransUnion. The site was created in order to comply with the obligations under the Fair and Accurate Credit Transactions Act (FACTA) to provide a mechanism for American consumers to receive up to three free credit reports per year."



Mistakes or other errors on your credit report can increase a credit card rate or make it more expensive to purchase insurance or to borrow money. Checking your credit report can also ensure you are not a victim of identity theft.

### **Avoid Advances on your Finances**

Be very wary of offers that advance you a portion of your future pensions or Social Security benefits. These are actual loans similar to pay day loans and they most often involve costly fees and interest rates. Use your credit cards cautiously paying off your balance in full each month. Use credit cards that give cash back for things like the purchase of groceries and gasoline.

Remember that if you find yourself considering a reverse mortgage for supplemental spending money it will eventually have to be paid back, with interest. If you or your heirs wind up selling your home a significant portion of your home asset value can be lost to a reverse mortgage depending on the amount of equity you put into play.

If you absolutely have to enter into this sort of arrangement, remember, if you live with your spouse, be certain they are also on the documents signature page so that a surviving spouse can continue to live in the home.

### **Look for Ways to Earn Supplemental Income**

If you have a hobby or expertise you can find ways to consult or create saleable items giving you an additional revenue stream and an additional sense of purpose. Supplemental income can affect other aspects of your finances so be certain to know how it might affect your taxes, possibly increase your Medicare costs or trigger a temporary reduction in Social Security benefits.

### **Choose the Best Annuity**

If you are considering entering into an annuity or other financial product to help augment monthly income be sure you are buying the one that is most right for your needs. There are many to choose from and it is imperative that you purchase the right product from a reputable company. Any major shift of assets must be carefully considered.







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