Buckingham Pavilion

5 Tips For Financing Senior Care

What is the best way to pay for senior care?

It's a dilemma that many senior citizens and their families are grappling with more than ever before. Older adults and seniors are beginning to search for alternatives to conventional methods of funding their golden years. We found some secret ways to pay for elder care, ranging from creative new investment vehicles to underutilized benefits.

Be Informed About Your Insurance

Medicare just provides for medical practitioners' qualified services. Long-term care insurance is one of the best ways to cover the costs of senior care. Long-term care insurance typically covers in-home care, assisted living, independent living and memory care in a senior living facility. Long-term care insurance can cover adult day care and hospice care. The majority of policies also cover a case manager or care planner. A few plans would also provide for in-home treatment provided by a family caregiver. Premiums can be tax deductible, and benefits from tax-qualified policies are tax free, making this a more appealing choice.

However, the high cost of long-term care insurance can make some seniors wary, particularly in light of recent premium increases by some insurers on existing policies. For those worried about losing their investment if they never need long-term care, new financial vehicles such as a hybrid long-term care/life insurance policy or long-term care annuities make sense.

When choosing a policy, several considerations come into play, from the deductible sum to possible overlaps with private insurance or Medicare. Seniors will find it beneficial to speak with a long-term care counselor or educate themselves thoroughly before purchasing.

Here's a rundown of the types of life insurance policies:

- Long-term care provisions are included in the premium for hybrid life insurance. In addition to the life insurance death benefit, hybrid policies offer long-term care insurance coverage or living benefits for cancer, strokes or other illnesses not covered by long-term care insurance.
- Term life insurance doesn't have monetary gain. When the length of the policy expires, the policyholder has the option of renewing or terminating coverage.
- Universal life insurance creates cash equity as well, but it is a more versatile way to save. Premiums vary depending on the requirements.
- Whole life insurance has a savings component as well as a death benefit a portion of the premiums is set aside for investing, allowing you to build up cash value.

Use All of the Resources You Have

Whatever financial path you take, it's critical to do your homework, read the fine print and seek professional advice when necessary. Planning gives seniors and their families peace of mind.

It's a safe idea to keep all vital information, including the following, close at hand:

- Profits and wealth sources.
- Insurance plans, bank accounts, deeds, shares and other valuables are all included.
- Data on Social Security and Medicare.
- Plan numbers and agents' names are included in the insurance information.
- A copy of your recent tax return.
- A duplicate of your will.
- Debts and mortgages.
- Account numbers and names for credit cards and charge cards.
- Data on property taxes.
- All personal objects, such as jewelry and family heirlooms, should be kept in this place.

Get the Most Out of Your Social Security

When it comes to Social Security benefits, the word "delay" isn't widely used in financial planning, but it's becoming more popular.

It used to be that taking benefits early and investing them was preferable, but that is no longer the case. You can also take advantage of early retirement credits to optimize your services. Benefits rise by 3% to 8% per year, depending on when you were born. Furthermore, following the worker's death, a surviving spouse drawing a lower Social Security check will collect the entire spouse's benefit, making those deferred retirement credits much more critical.

If you're in poor health, have a family history of early death or simply need the money, delaying benefits may not be a viable option. However, with a current life expectancy of about 20 years, the greater monthly check will almost certainly pay off, and continue to pay off, with the daily cost of living changes.

Couples' Considerations

Many married couples should carefully consider which partner can apply for benefits and when they will optimize their benefits. At full retirement age, an employee can now register and suspend payments, continuing to work and accruing deferred retirement credits while their lower-earning spouse collects spousal benefits immediately.

Married couples with identical incomes may also make strategic use of Social Security. If one of the couple wishes to retire, the other will earn spousal benefits, thus deferring their benefit to boost the size of their monthly check.

Don't forget that minor children of Social Security recipients earn compensation as well, and separated spouses may be eligible for spousal benefits in certain situations. Because Social Security is a reliable source of funds, it makes sense to get the most out of your savings. It accounts for roughly a third of a retiree's salary.

Verify Your Benefits

Did you know that every active-duty veteran or veteran's spouse in need of treatment will receive a monthly payout from the Department of Veterans Affairs? Any veteran who has worked in a foreign war for even a single day is eligible for the Help and Attendance Special Pension. Beneficiaries may not need to have served in the military, be retired or have seen action to be qualified. Surprisingly, only a tiny percentage of people who are eligible for these benefits use them.

A married veteran can receive over $2,000 a month for senior care under the existing insurance package, and a veteran's surviving partner can receive over $1,000. Any type of support, from in-home attendants to assisted living or nursing home treatment, may be paid for with these funds. Veterans can pay family members or friends to assist them, even if they are not licensed medical practitioners.

Other helping resources

Even if you aren't a veteran, public and private services will help seniors struggling financially. The National Council on Aging has listed over 2,500 different services that help seniors make ends meet, ranging from long-term care details to mortgage prevention and food, medicine and housing subsidies.

Visit benefitscheckup.org to learn about benefits that may help cover or reduce the cost of senior care. After you complete the survey, the site generates a report that outlines which programs can be helpful to you and how to apply for them.

How to apply for VA benefits

Many communities partner with companies that offer advisory programs to veterans and their families. When touring a new community, make sure to inquire!

Make an appointment with your local VA regional office by visiting www.vets.gov, www.ebenefits.va.gov or calling 1-800-827-1000 for more information.

Think of Getting a Reverse Mortgage

A reverse mortgage allows homeowners over the age of 62 to borrow against a portion of their home's equity in order to supplement their income while still owning their home. Instead of making installments, the borrower collects money from the lender in a lump sum or as required.

Almost all reverse mortgages are Home Equity Conversion Mortgages, which are insured by the Federal Housing Administration and backed by the U.S. Department of Housing and Urban Development.

To be qualified for this form of loan, you must:

- Own the home outright or have a minimal mortgage balance that the reverse loan proceeds will be used to pay off at closing.
- You're at least 62 years old.
- Be sure you have enough money to cover your property taxes and insurance costs on time.
- Do not move or consider moving if this is your primary home.

A decade ago, almost everyone could get a reverse mortgage, resulting in a wave of foreclosures due to unpaid insurance and property taxes. You must first speak with a professional from an independent, government-approved housing rehabilitation agency before filing for a Home Equity Conversion Mortgage.

Lenders may also conduct a financial analysis on your ability to repay the loan. The amount you may borrow is influenced by your interest rate, age and the value of your house. In most cases, you'll be able to borrow up to 60% of your initial principal limit in the first year.
You will not be charged any taxes on the money you collect.

A reverse mortgage can be used in different ways to obtain funds.

- Line of credit: This allows you to draw on loan funds at any time and in any amount before the line of credit is depleted.
- Single disbursement: This is only possible with a fixed-rate loan which usually offers less money than other HECM options.
- Tenure: For as long as you live in your house, you can receive fixed monthly cash advances.
- Term: Monthly cash advances for a set time period.

Schedule a Tour Today!

buckinghampavilion.com | (773) 973-5333