

Professionals discuss the challenge of Long-Term Care

BY DYLAN SKRILOFF

When you or a loved one faces old age and the possibility you might need to be cared for by others, do you want financial and insurance problems making an already sad situation worse? Millions of Americans are not financially prepared for the inevitability of old age, falsely assuming their regular health insurance or Medicare will take care of them. In fact, long term care requires its own planning, and the government has asked people in the middle and upper classes of the American economy to assume responsibility for their own insurance.

On June 9, a seminar on the topic was held at the Alzheimer's Association in Purchase on the topic. Littman Krooks LLP, a law firm with offices in White Plains, Fishkill and Manhattan, sponsored the seminar called 9 C Long Term Care Dilemma - Planning for Tomorrow in a Down Economy."

Speakers at the event included Vincent Maccino, Esq., Littman Krooks LLP; Bruce Cohen, Wells Fargo; and Larry Thaul, Millenium Financial, Inc. Bernard A. Krooks, founding partner of Littman Krooks LLP, also spoke with the Hudson Valley Business Journal following the event.

Krooks said the seminar was about the importance of thinking ahead. "For the greatest country in the world, most are surprised to learn we don't have a long-term coverage system. Medicare doesn't pay for long-term care. If you simply get old and can't get out of bed, Medicare doesn't pay for that. Unless you've purchased adequate long-term care insurance you will be forced to deplete assets. We can figure a way to make health care more accessible without bankrupting you."

His experience is that "too many people put it off. We've been doing this for 25 years and unfortunately 80 percent come to us after something happens. People don't wake up and say 'I want to do my elder law planning today.' It's never high on the totem pole. The reason we try to write about this, and give no-charge seminars, is to get people thinking about it. If we convince one person to go ahead and do something about it, then we're happy." Krooks said, people "need to get to a certified elder law attorney. They need to protect their assets. If you do it sooner - there's more flexibility. Your goals are to get the highest quality of care and your assets preserved for loved ones."

Larry Thaul of Millenium Financial specializes in selling clients long term care

insurance. He said that by taking care of your insurance needs now, you will be saving yourself and your family a lot of money down the road. "The policy will double in value twice for a 50 year old before they are in their late 70's." Thaul said of the seminar, "we had a very good discussion based on two aspects - crisis planning vs. advanced planning. People cannot assume the government is going to take care of them. Any long term care received through medicare can only go out a hundred days maximum. Very little has been said about long-term health care cause the government doesn't have money to pay for it."

Thaul noted the government does offer a 20 percent tax credit if you purchase long term care insurance. He said those who are impoverished can claim Medicaid, but the Deficit Reduction Act of 2006 puts the onus on people who can afford to manage their own long term care insurance to do so on their own. In the past families could attain Medicaid coverage by conveying assets out of their name. Now Thaul said, "that became much, much harder to do." He said that long term care policies are triggered when a person cannot do at least two of the following six activities without help - bathing, dressing, feeding, transferring, toileting and incontinence. Asked how the recession affects people's attitudes toward long term care, Thaul replied the slow economy has brought him closer in touch with clients. "When crunch time comes, people want to protect their families and turn them into caregivers."

Krooks noted with a new administration in Washington there are likely to be changes in the long term care laws. "We expect there will be changes to how long-term care will be delivered in this country in future but nothing is immediately pending. We expect it will be more difficult to preserve assets and I think it will make sense for people to get affairs together sooner rather than later. Middle class people who have the means will be expected to pay," he said.

Bruce Cohen of Wells Fargo in Wappingers said he has helped many families use the technique of "reverse mortgages" to fund long term care. The process allows them to get a percentage of a home's equity available to them. Cohen said, reverse mortgages are different from refinancing a house because there are no payments for those who do a reverse mortgage. The loan is payable when the owner of the home no longer occupies the house.

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It then can be sold, refinanced or someone can come to the table with cash to buy the house and pay off what is owed. Cohen said reverse mortgages have been around for over 40 years and are federally insured loans.

Krooks has been President of the National Academy of Elder Law Attorneys, an organization of approximately 5,000 attorneys. He testified in front of Congress as recently as 2005 and regularly go to Albany to meet with legislators. He is chair of the New York State Bar Association's Elder Law section, 3,000. Larry Thaul is Past President of the Westchester and Rockland chapter of the National Association of Insurance and Financial Advisors.