



LIFE KEEPING,
NOT JUST BOOKKEEPING™

10 Mistakes to Avoid: Make Your Senior Years Easier

Here are 10 mistakes that can be avoided in caring for your parents or preparing for your own senior years. Many do not take a lot of time or work, and can save your family time, stress and money.

- 1.** Not having your will, power of attorney, health care proxy, living will (or updated versions) and funeral arrangements in place.
- 2.** Not planning for living a long time — even if will & estate planning have been completed (where will you live, how will you pay for long term health care and still have money for your living expenses?)
- 3.** Not balancing your checkbook or reviewing your credit cards.
- 4.** Moving your mom to an assisted living facility because you did not know she could live with help in her own apartment.
- 5.** Paying medical bills that should have been covered by insurance, or not paying medical bills that were not covered by insurance.
- 6.** Letting your picture ID expire.
- 7.** Not creating a budget to fit your lower level of fixed retirement income after years of living on a higher salaried income.
- 8.** Doing a fabulous job of investing, but keeping it all in certificate form and handling a multitude of dividend checks.
- 9.** Not filing taxes for several years due to illness or feeling overwhelmed by the paperwork.
- 10.** High net worth individuals making large purchases through accounts without transferring in sufficient funds to cover the purchases.

Turn the page for solutions

1. Not having your will, power of attorney, health care proxy, living will (or updated versions) and funeral arrangements in place.

Solution: Update your documents

While the Will, Power of Attorney and Health Care Proxy and Living Will do not have an expiration date, you want to make sure that they will be effective when needed. If you do not have these documents, or you want to update them, set an appointment with an attorney to discuss your estate plans and to get your documents drafted.

In preparing for your meeting, here is a list of what you should consider:

Will:

- List your assets, their values and how title is held.
- Think through to whom you would like to leave your assets.
- Do any of your beneficiaries have special needs?
- Do you want a trust for a beneficiary? Who would be the trustee(s)?
- Do you have under-age children? Who would be the guardian?
- Who would you like to be the executor of your estate? Make sure your executor still has the capacity to serve for you.
- Always choose someone as a back-up to your primary executor, trustee and guardian.
- Prepare a family tree. Are your closest next of kin first cousins or more distant?

Power of Attorney:

- Who would you choose to have responsibility for your finances if you become incapable of handling them yourself?
- Who would you choose as a back up person? Make sure at least one lives nearby.
- Ask them if they would be willing to take on this responsibility.
- You may name more than one person to serve together if you want to create a check and balance.

Health Care Proxy and HIPAA forms:

- Who would you choose to make health decisions for you if you are incapable of making them?
- Who would you choose to be your back up?
- Do they live within close proximity so they can be available to help out if and when needed? If they live far away, are they readily accessible by telephone?



LIFE KEEPING,
NOT JUST BOOKKEEPING™

- Will this person be able to follow your wishes to end your life, even if their wishes differ? Make sure to discuss your thoughts and wishes with them and ask them if they can carry out this responsibility. If they cannot, choose someone else.
- You can only name one agent to serve at a time, however, you can name successor agents to act if the primary agent is unable to be reached. These people would be listed on the health care proxy form and the separate HIPAA or medical release form which gives your health care agent the authority to speak with insurance companies, hospitals and doctors.

The Living Will:

- describes the specific measures you would want your health care agent to take in the event you are unable to convey your own instructions regarding your medical care. The Living Will can be as simple or as detailed as you wish. Think about what measures you would want used if there was no reasonable hope of your recovery to any level of cognitive existence.

Funeral Plans:

- Planning for a funeral does not have to wait until after death. You can make arrangements now to avoid leaving the burden and responsibility to your family and friends. Whether to protect your religious preferences or to make sure money is set aside, you can pre-plan your funeral. This is done by contacting a funeral home and, where appropriate, your place of worship.

After you discuss your plans, the funeral home will give you a bill, based upon current costs, and ask you to pay a portion of it. The money is held in an escrow account and will earn interest until your death. After death the funeral plans can be revised and the costs are updated to the prices then in effect. Any balance would be due at that time. If you are Medicaid eligible, the money that is paid to the funeral home is exempt and not counted as a resource for Medicaid eligibility. This allows you to ensure that your funeral is properly paid and will not become a financial burden for your family.

In addition, some states provide for the person who makes the funeral arrangements. The hierarchy is usually akin to inheritance rights with spouse and children having priority before parents, siblings and more distant relations. In some states an individual can designate whom they want to make their funeral arrangements and override the statutory hierarchy. If you are not emotionally close with your family or do not have closely related relatives you should consider pre-arrangements for your funeral and consult with an attorney about designating someone to make sure those arrangements are carried out.

[Written by Marcie G. Roth, Elder Law Attorney]



LIFE KEEPING,
NOT JUST BOOKKEEPING™

2. Not planning for living a long time – even if will & estate planning have been completed (where will you live, how will you pay for long term health care and still have money for your living expenses?)

Solution: Buy Long-Term Care Insurance or see an Elder Care Attorney

An important reminder: Medicare and supplemental (secondary) insurance DO NOT cover long-term custodial care. They cover routine care and short-term hospitalization and rehab. So....

- If you are healthy enough to be eligible for Long Term Care insurance, buy it. If you have diagnosed health problems, it is still worth exploring the possibility of buying Long Term Care insurance.
- If you are not eligible for Long Term Care insurance and you do not have the funds to cover long-term health care expenses, explore becoming eligible for Medicaid. Depending on the state in which you live, it can be an excellent option.
- See an Elder Law Attorney, who specializes in planning for long term custodial care and assessing eligibility for Medicaid benefits. Plan EARLY to learn what is needed to be eligible for Medicaid benefits should a major illness strike. By preparing now, you will be able to live at home with home health aides, or if necessary go to a nursing home. Planning while you are healthy is the key.
- Before seeing your attorney, put together a list of your assets and income.

3. Not balancing your checkbook or reviewing your credit cards.

Solution: Accept help from a family member, friend or a hired Daily Money Manager/Financial Organizer

What was once easy to do can get more difficult as eye sight fails, memory worsens, or handwriting becomes hard to read. Being willing to accept help from a family member, friend or a hired Daily Money Manager/Financial Organizer will ensure that bills get paid, there are sufficient funds in the checkbook and that improper credit card charges are challenged. Getting help will increase the chances of being able to stay in one's own home.



LIFE KEEPING,
NOT JUST BOOKKEEPING™

4. Moving your mom to an assisted living facility where she may be uncomfortable and disoriented because you did not know she could live with help in her own apartment.

Solution: Look into home health care solutions

Suddenly there is a phone call; Mom has fallen and broken a hip and has been taken to the hospital. Or, she has had a stroke but with therapy should be able to walk with a walker and talk again.

The immediate reaction is that once Mom is better she has to be moved to an assisted living facility or a nursing home. This is not necessarily the best decision. After all, she may be happiest staying at home in the neighborhood where she has lived for so many years, using the same hairdresser, buying from the same bagel shop and green grocer.

- Yes, changes will have to be made in the apartment and help may need to be hired, but the choice to stay at home should be given serious thought. There are Geriatric Care Managers who can help you assess the safety issues of the home environment, arrange for improvements and help you and your mom find the best home health aides.
- And the good news is that even if she does not have enough money to hire home health aides, Medicaid benefits may be available. Speak with an Elder Law attorney about eligibility for your state's community Medicaid programs.

5. Paying medical bills that should have been covered by insurance, or not paying medical bills that were not covered by insurance.

Solution: Ask for help or hire a Daily Money Manager

Let's face it: the paper work around illness is huge. After a hospitalization, the bills start coming in from the hospital, from the individual doctors, from the radiologists, from the labs, etc. Then the EOBs (Explanation of Benefits) from Medicare and your secondary insurance company come in.

The pile gets bigger and bigger and more and more confusing. You are used to paying your bills in a timely way, but how do you decide what to pay and what not to pay? Just when you are recuperating from your illness, the last thing you want to do is face that pile and those phone calls to sort it all out. Some people start paying bills that will eventually be paid by the insurance companies, or they wait and don't realize it is time to pay some of the bills.

- Consider asking for help from a family member or friend who likes this kind of detail work. Alternately, hire a Daily Money Manager/Financial Organizer who is skilled in dealing with medical billing and insurance companies.



LIFE KEEPING,
NOT JUST BOOKKEEPING™

6. Letting your picture ID expire

Solution: Keep your drivers license and passport current

“I’m not driving anymore - no need for a driver’s license”. “I am not traveling anymore - no need for a passport”. Wrong.

- Banks require two forms of picture ID to open accounts, to reactivate accounts, to confirm that the old signature in their files belongs to the same person whose signature has changed over the years.
- We have had too many clients who did not have the necessary ID and they did not have the energy, desire, or ability to go to the Department of Motor Vehicles for a non-driver’s ID; nor did they have the documentation required to submit proof of identity to get a passport. Hold on to your photo IDs and get them renewed regularly. If they have expired, take the time NOW to get new photo IDs.

7. Not creating a budget to fit your lower level of fixed retirement income after years of living on a higher salaried income.

Solution: Work with a Financial Planner to develop a budget

- You have worked all your life and you have done well. You own your city home and your country home; you have a nice investment portfolio and a good pension along with the top level of income from social security.
- But now that you are retired, the income is fixed income and it is not what you were making when you worked. It is time to develop a budget to fit your income. Be sure to include in that budget the cost of long-term illness if you do not have Long Term Care insurance. Be sure to see a financial planner to help you come up with the best plan.

8. Doing a fabulous job of investing, but keeping it all in certificate form and handling a multitude of dividend checks, stock splits, and the mail that comes in from the companies, all of which is overwhelming.

Solution: Move your investments into a brokerage firm

- Some seniors have over the years invested on their own, little by little, in excellent stocks. A number of them now have portfolios worth over \$500,000. Stock certificates may be in a safe deposit box at the bank, or in less secure places like shoe boxes, piles on tables, or file drawers. Often outdated, uncashed dividend checks are in amongst other papers. Careful tracking of cost basis, stock splits, mergers and incoming dividends, which gave enjoyment in the past, now causes seniors to feel overwhelmed. This can happen to people with small or large portfolios. [continued...](#)



LIFE KEEPING,
NOT JUST BOOKKEEPING™

- Before the confusion happens, we encourage everyone to document what you own, find a reputable brokerage firm, and take all your stock certificates and bonds to the firm. If this is already too much of a challenge, get a family member or Daily Money Manager/Financial Organizer to assist you.
- From now on you will get one monthly statement, the dividends will be deposited directly into your brokerage account and when you need money, it can be transferred into your checking account. If you don't need the money, the dividends can be reinvested to earn you additional income. At the end of the year, you will receive one 1099 which you can take to your accountant for taxes - no more collecting 1099s from every company with which you hold stock. In addition, life will be much easier for your Power of Attorney, should you need one, and eventually your executor.

9. Not filing taxes for several years due to illness or feeling overwhelmed by the paperwork, creating penalties and interest.

Solution: Ask for help from a friend or hire a Daily Money Manager / Financial Organizer

- Preparing financial records for your accountant is rarely anyone's idea of fun. Imagine not getting around to it year after year and the IRS and State are putting liens on your bank accounts.
- At some point you need to pull together your documents and get them to an accountant who can negotiate a deal regarding penalties and interest on your behalf.
- In order to do this, you may need to have a family member, a friend, or a Daily Money Manager/Financial Organizer. They will come into your home to sort through your papers and put them in order for accounting. Back tax returns can be filed, but it will probably require asking for help. Don't put it off any longer.

10. You are a high net worth individual making large purchases through accounts without transferring in sufficient funds to cover the purchases, causing problems.

Solution: Ask for help from a friend or hire a Daily Money Manager

- Once you could maintain a general idea of how much was in your checking account. Now, even though you are able to have full-blown intellectual conversations, finances are becoming more difficult.
- It is time to hand over the balancing and reconciling of the checkbook to a family member or a Daily Money Manager/Financial Organizer. Be sure to inform you new "financial assistant" of large purchases in sufficient time to get a transfer made to the checking account.



LIFE KEEPING,
NOT JUST BOOKKEEPING™

It pays to take care of these important documents, financial and legal matters and get yours or your parent's affairs in order before there is a health crisis. It will bring peace of mind knowing you can find documents, bills are paid, and your parents are secure.

Having your papers accessible and up to date is the best way to prepare for your own senior years, and take the burden off of your children and family members.

Thank you to Marcie G. Roth, Esq., an elder law attorney and partner of Singer, Block, Matles & Roth, for her editing and suggestions in the legal sections.

© 2008 Eddy & Schein, Inc., all rights reserved

Rebecca R. Eddy, MBA, and Gideon Y. Schein, MBA, are Certified Professional Daily Money Managers and founding partners of Eddy & Schein In-Home Administrators for Seniors™ in New York City

Contact:

Rebecca: Rebecca@eddyandschein.com

Gideon: Gideon@eddyandschein.com

Phone: (212) 987-1427

Website: www.eddyandschein.com



LIFE KEEPING,
NOT JUST BOOKKEEPING™