

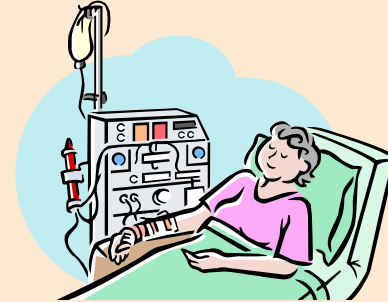
# **Safety in Financial Planning**

**Minda Cutcher, MBA Financial Advocate**

# Medicare 101 (The Basics)



- Medicare Part A
  - In-patient care:
    - Hospitals
    - Skilled nursing
    - Hospice care
    - Limited home healthcare



# Medicare 101 (cont.)



- Medicare Part B
  - Outpatient services:
    - Hospitals
    - Doctors office visits
    - Therapists
    - Durable Medical Equipment
    - Laboratory costs
    - Limited home healthcare



# Medicare 101 (cont.)



- **Medicare Part D - Prescription Drugs**
- **The Donut Hole**
  - Up to \$2830 in Rx costs is covered at 50%
  - Donut Hole: \$2830-\$4550
  - Patient pays 100% in Donut Hole
  - After \$4550 patient pays 5% of cost or co-pay whichever is higher
- **Donut Hole will disappear by 2020**



# Medicare 101 (cont.)

- **Medigap (Supplementary Plans)**
  - **Provided by private insurance companies**
  - **Supplement Medicare's coverage.**
  - **Must already have Medicare A & B**
  - **80/20/co-pay.**



# What is Medi-Cal?



## ■ Eligibility

- Low income individuals over 65 who are blind or disabled
- Low income people with dependent children
- Children under 21
- Pregnant women
- Medically indigent adults in skilled nursing

## ■ IHHS

- In Home Supportive Services
- Non-medical home care for low income seniors

# Long Term Care Insurance

- **For a couple turning 65, there is a 70% chance that one of them will need long-term care. - Wall Street Journal**
- **The national average cost of care for one year in a nursing home is approximately \$80,850. In major cities like Boston and New York City, however, one year of Long Term Care can be as high as \$100,000.**
- **92% of all Long Term Care Insurance claims are for about three years. 4.5% will need Long Term Care for more than six years.**
- **Over 50% of all people entering a care situation are penniless within one year. - Harvard University**
- **Singles are at risk, because they're usually not with someone who can properly care for them. The same is true for wives who tend to outlast their husbands by seven year average. - JB Quinn**



# Veteran's Benefits



- Served 90 days of active duty, at least one of which was during:
  - WWII
  - Korean Conflict
  - Viet Nam
- Received honorable, general or medical discharge
- Need assistance with Activities of Daily Living



# Getting Ready to Get Ready

## Key Financial Info



### ■ Net Worth

#### ■ Assets

- Investment Accounts
- Savings, Checking Accounts
- House

#### ■ Liabilities

- Outstanding Loans (mortgage)

### ■ Cash Flow

#### ■ Monthly Expenses

- Mortgage or car payments
- Utilities

#### ■ Monthly Income

- Pension, savings, IRA, 401k
- Social Security

# Will I Outlive My Money?



- **(Assets-Liabilities)/Monthly Burn Rate**
- **Assumptions:**
  - **Spending is “straight line”**
  - **Age 80**
  - **Life expectancy of 100 years**
  - **\$1 million net assets**
  - **Expenses outstrip income by \$5000/mo.**
- **$\$1 \text{ million} / \$5000 = 200 \text{ months} \sim 17 \text{ years}$**

# Getting Ready to Get Ready Key Financial Contact Info



- **Name of the Institution**

- e.g. Bank of America

- **Contact Information**

- 800# or website address
- Account Executive

- **Account Number(s)**

- **Login and Password Information**

- **Current Balances**

# Critical Medical Information

- Insurance Providers
  - Medicare Card
  - Secondary Insurer's Card
- Physicians
  - Primary Care
  - Specialists
  - Hospital
- Medications
  - Current List of Medications
  - Allergies
  - Dosages, use
  - Where/How filled



# Protect Your Assets!

- **\$2.9 billion/year lost to elder abuse**
- **200,000 instances/yr of elder abuse in the US**
- **Only 1 in 25 cases reported**
  
- **80% of abusers are family members**
  - **60% are adult children**
  - **10% are grand children**
  - **10% are other relatives**



# Build Awareness

- **When We're Most Vulnerable**
  - Live alone
  - No family
  - Poor health
  - Physically dependent on others
- **Signs of Financial Elder Abuse**
  - Income or assets disappearing
  - Overcharges or unexplained fees
  - Sudden changes in financial management that enrich an individual



# Be Aware of Scams!



- **What to Look for:**
  - **“Limited time offer”**
  - **Unsolicited checks received in the mail**
  - **Required to pay up front for services**
  - **Telemarketers developing a personal relationship**
- **How to Protect yourself:**
  - **Don't make impulse purchases**
  - **Set a \$ spending limit**
  - **Talk with a trusted advisor**

# Daily Money Managers can Help!

- **What is a DMM?**
  - **“Personal Assistant” for clients who have difficulty in managing their personal monetary affairs.**
- **What Services do they provide?**
  - **Organizing paperwork, records**
  - **Tracking financial and medical documents**
  - **Chasing insurance companies**
  - **Assisting with check writing**
  - **Neutral 3<sup>rd</sup> party & advocate**





# A Failure to Plan...

- **When planning for a year, plant corn. When planning for a decade, plant trees. When planning for life, train and educate people.**

***Chinese Proverb***

- **The time to repair the roof is when the sun is shining.**

***John F. Kennedy***



# Resources (Financial)

- Presented by: Minda Cutcher, MBA Inc. 408-279-3269, [mindacutcher@gmail.com](mailto:mindacutcher@gmail.com)
  
- Medicare
  - 1-800-medicare (633-4227)
  - Medicare.gov
  - IHHS (877)933-4477
  
- Social Security Administration
  - 1-800-772-1213
  - [www.ssa.gov](http://www.ssa.gov)
  
- Long Term Care Insurance
  - Long term care insurance National Advisory Center
    - <http://www.longtermcareinsurance.org/>
  - AARP Long Term Care Insurance FREE booklet
    - [www.genworth.com/LongTermCare](http://www.genworth.com/LongTermCare)
  - State Health Insurance Program (SHIP)
    - 1-800-677-1116
    - [www.shiptalk.org](http://www.shiptalk.org)
  
- Veteran's Enhanced Pension Benefits
  - <http://www.vba.va.gov>

