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How-to Manage End-of-Life Financial Planning

eBook #19

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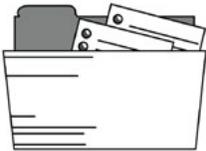
End-of-Life financial planning is an important way to provide for your loved ones and preserve the assets you've earned. It is a priceless gift that gives you peace of mind knowing that the your final wishes will be honored as you near End-of-Life.

As part of our eBook series, Passare™ shares resources and guidance to help you manage End-of-Life financial planning. Passare helps guide you through one of life's most important passages.



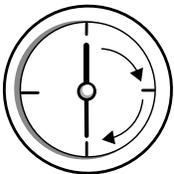
You Will Learn About:

1. What is End-of-Life Financial Planning?
2. Benefits of Financial Planning for End-of-Life
3. When and How to Begin
4. Key Decisions and Tasks
5. Financial Tools and Resources
6. Drafting Your End-of-Life Financial Plan
7. Summary



The eBook includes:

- A. Frequently Asked Questions about End-of-Life Financial Planning
- B. Checklist: End-of-Life Financial Planning



Estimated Time Required:

20 minutes

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What is an End-of-Life Financial Plan?

End-of-Life financial planning is a topic that most people prefer to think about later rather than sooner. Yet planning ahead is essential to help you and your loved ones manage the costs associated with this inevitable life passage.

What do we mean by End-of-Life financial planning? End-of Life financial planning is a process that includes reviewing your financial situation, evaluating choices and making decisions that will ultimately become your plan for how you will fund your End-of-Life. End-of-Life financial planning includes many elements and can be complex. Passare provides you with guidelines and financial planning topics to make this a more approachable, easier process.

Benefits of Financial Planning for End-of-Life

Some of the key benefits of creating a financial plan include:

- **Peace of mind**
Planning ahead reduces the financial burden on you and your loved ones when you near End-of-Life or pass away
- **Financial savings**
Planning reduces overspending that may occur when loved ones must determine how to pay for End-of-Life care and services under significant emotional stress
- **Enables care choices**
End-of-Life care and accommodations can be expensive; financial planning helps ensure that you receive the type of care you want, where you want it
- **Preserves your assets**
Financial planning helps protect your assets and heirlooms from probate court and reduce estate taxes after you pass away
- **Provides for loved ones**
Planning allows you to help your loved ones through life insurance, wills, estate plans or trusts

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- Allows personal control
A pre-paid funeral plan allows you to design a service to fit your budget and freeze costs at today's prices
- Ensures decisions are honored
Organizing your finances helps your Financial Power of Attorney (FPOA) or loved ones carry out your final wishes after you pass away

When and How to Begin

Just as End-of-Life is an inevitable part of life, so is managing the costs for your final care and services. They are important life passages that deserve a well-considered financial plan.

Whether you are starting your career or changing jobs, starting a family or retiring, now is a good time to start considering your End-of-Life financial plan. Planning how to manage the costs for your final care and services, protecting assets and heirlooms and providing for loved ones after you pass away is an invaluable gift to your family.

Gather Important Documents

For optimal planning and decision-making, you want to determine your *assets* (*what you own*) and your *liabilities* (*what you owe*). To start the process, gather and organize important documents to get a clear picture of your current financial situation. Documents to collect include:

- Deeds and titles to all property including homes, vehicles and other assets
- Business ownership documents, including recent financial statements
- Private insurance policies including life, health, long-term care and funeral trusts
- Government health insurance documents including Medicare and Medicaid
- Social Security documents
- US Military service records, including Veterans discharge papers
- Recent income tax return statements
- Investment statements including mutual funds, IRAs, 401(k) and pension accounts
- Recent income tax return statements
- Credit card statements
- Bank statements including personal savings and checking accounts

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- Monthly income statements or pay stubs
- Records of charitable contributions
- Credit reports
- Cemetery deed documents
- Funeral pre-planning documents



Store these documents in an easy-to-access, secure place. Tell trusted loved ones or advisors the location.

Identify Other Valuables

Locate other items of potential financial or emotional value, including:

- Family heirlooms including artwork and precious jewelry
- Safe deposit boxes that may contain important documents or valuables
- Contents of personal safes and storage units

Talk with family members and other loved ones to help you identify and locate other sources of financial value. It is also important for you to communicate the location of all of your assets to someone you trust.

Consult with Advisors

To help you understand and develop an End-of-Life financial plan, talk with a competent advisor, such as:

- Your accountant, attorney, executor, banker or a certified financial planner
- Your home and vehicle insurance agents
- Your funeral director or final services provider

After you organize and gather your important financial documents, identify assets, and consult with trusted advisors and loved ones, it's time to identify the primary End-of-Life financial decisions and tasks.

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Take a few minutes to answer these questions.

1. What personal valuables, assets or family heirlooms do you have?
2. Where are documents and other relevant information for these assets stored?
3. Who among your loved ones or trusted advisors can you ask to help you organize and manage End-of-Life financial matters?

Key Decisions and Tasks

Important End-of-Life financial decisions and tasks include the following:

- Appointing personal representatives who will make decisions for you should you be unable
- Completing legal documents such as an Advance Healthcare Directive, trust and/or a will to provide for loved ones and protect your assets
- Preplanning and/or prepaying for your funeral or final services

Appointing Personal Representatives

As you near End-of-Life, it's important to appoint one or more people you trust to manage your medical and financial matters if you become unable, and to ensure that your final wishes are carried out after you pass away.

Consider appointing the following representatives:

- Healthcare Proxy or Medical Power of Attorney (MPOA)
A Healthcare Proxy or MPOA gives legal power to the person you appoint to make your healthcare or medical decisions if you are unable
- Financial Power of Attorney (FPOA)
An FPOA gives legal power to the person you appoint to act on your financial matters if you are unable
- Executor
An executor gives legal power to the person you appoint to carry out your final wishes in your will after you pass away

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- Digital Executor
A digital executor is a person or online service that you appoint to distribute or delete your digital assets according to your final wishes



You may appoint the same person to serve in some or all of these roles. Ask a capable, trusted friend or loved one to accept responsibility for these important tasks.

Completing Legal Documents

To ensure that your decisions about your final care and services, financial assets and personal heirlooms will be honored, consider preparing the following legal documents:

- Advance Healthcare Directive (AHD) or living will
An AHD or living will are legal documents that outline your directions for what kind of treatment you want if you become unable to make your own decisions
- Durable Power of Attorney (DPOA)
These legal documents give the person(s) you appoint to make financial and/or medical decisions for you if you become unable to make your own decisions
- Will
This legal document includes your final wishes for your final services and for distributing your financial and digital assets and other possessions after your death
- Trust
This legal document can assist in the distribution of your assets to help avoid probate. It can also address asset management for beneficiaries who are minors.

Most End-of-Life legal documents are accessible on the Internet and free of charge to download and complete in the privacy of your home. Additional costs may apply if you consult an attorney to help you prepare these documents.



Although a will may be legally prepared without an attorney's assistance, we recommend that you consult an attorney who specializes in estate planning for help.

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Creating Your Will

If you have dependent loved ones or own anything of financial it is important to create a will, appoint an executor to manage it and assign beneficiaries or recipients according to your final wishes. Creating a will ensures that your assets are preserved and your End-of-Life decisions are carried out. Passing away without a will is called dying intestate. If you do not have a will at the time you pass away, the court, known as probate court, assigns an Administrator.



Without a will, intestate succession governs distribution, and your wishes become irrelevant. Intestate succession is essentially the government default estate plan put in place for you. Your estate pays the executor every time he or she goes to court on your behalf.

Preplanning or Prepaying Your Funeral or Final Services

A pre-planned, pre-paid funeral service is an important investment you can make for your family's future. It spares your family from a considerable financial burden during one of life's most challenging events. Choosing ceremony, service and final resting place options and considering prepayment plans will help ensure that your final service wishes will be honored.

There are many options to consider as you plan the costs for your funeral or final services:

- Choose your ceremony or service
You may choose from many options including traditional, life celebration, graveside, memorial, cremation, direct burial, home or green funeral services
- Select personalization options
You may customize many elements of your funeral including adding music, food, flowers, technology and other personal touches to your service
- Decide your final resting place
You may pick from many options including burial locations, or scattering or transforming remains in to works of art, jewelry or other inspiring alternatives
- Review benefits
Learn about financial resources and benefits you may be entitled to under your funeral insurance policy, funeral trust or your federal insurance plan

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Visit www.passare.com and read the Passare eBook, "How-to Plan Your Funeral" for more information on planning your final services. Read the section, "Financial Tools and Resources" later in this eBook for more information to help you pay for your funeral or final services.



Take a few minutes to answer these questions.

1. Whom do you want to make decisions about your healthcare and finances if you are unable?
2. To whom will you leave personal assets like your home, financial or digital assets or heirlooms after you pass away?
3. In what ways will you want to personalize your final services to include your values or personality?

Financial Tools and Resources

There are several financial resources and tools to help you create your End-of-Life financial plan. The three main financial resources that most people use to manage End-of-Life costs include:

- Personal funds
- Insurance policies
- Government programs

Personal Funds

You may need to use personal savings to pay for your End-of-Life costs. To qualify for a government subsidy like Medicaid you may need to first spend down most of your personal savings or other financial resources. Read the section, "Government Programs" later in this eBook for more information on Medicaid Spend Down.

We suggest that you review your financial resources including your personal savings and any income you receive from investments, stocks, bonds, mutual funds, 401ks, pension or other retirement funds.

You also may be able to use the value of your home to help pay for End-of-Life costs.. For instance, if you own your home, a reverse mortgage may help you raise enough money to pay for in-home care.

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Insurance Policies

Insurance policies can help you pay for End-of-Life care and final services. We suggest that you review all your insurance coverage, including:

- Health insurance
- Long-term care insurance
- Life insurance
- Funeral insurance

Health Insurance

Most health insurance plans provide little, if any, coverage for long-term or End-of-Life care. Often, private health insurance or HMOs follow the same general rules as Medicare with regard to paying for long-term care services. For example, they typically cover long-term care services only for short-term, or medically necessary care under very specific conditions.

Long-Term Care Insurance

Long-term care insurance is private insurance that you or an employer may purchase. You can purchase nursing home-only coverage or a comprehensive policy that includes both home care and facility care.

The cost of your long-term care policy is based on the type and amount of services you choose to cover, how old you are when you buy the policy and any optional benefits you choose.

Life Insurance

An important reason to buy life insurance is to replace the loss of income that your loved ones would experience in the event that you pass away. Life insurance benefits are often available to your beneficiaries almost immediately upon your death.



You may also use some life insurance policies to pay for long-term care services. For information on using life insurance policies to finance long-term care, visit: <http://longtermcare.gov/costs-how-to-pay/using-life-insurance-to-pay-for-long-term-care/>.

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Funeral Insurance

Funeral insurance, also called burial, final expense or pre-need insurance, refers to financial products and services to pay for final arrangements. Funeral insurance reduces the financial burden on your loved ones when you near End-of-Life or pass away. Many families are unable to fund the cost of a funeral in the short amount of time following a death and funeral services often will not proceed until final payment is made.

Government Programs

Government insurance programs that provide End-of-Life financial resources include:

- Medicare
- Medicaid
- Social Security
- Veterans Administration

Medicare

Medicare is federal health insurance for people age 65 and older and younger people with certain disabilities. For more information about Medicare coverage for End-of-Life care visit: www.medicare.gov.

Medicaid

Medicaid is a federal and state insurance program and the largest source of funding for medical and health-related services for people with limited income and resources. Medicaid provides coverage for many End-of-Life services including personal care, home health care and nursing home care. Eligibility for Medicaid and which specific End-of-Life services are covered varies from state to state.



Before you qualify for Medicaid, you may be subject to its Spend Down rules. You may have too much income to qualify for Medicaid. This amount is called excess income. You may qualify if you spend your excess income on healthcare. This is called Spend Down. Spend Down means reducing a person's assets until Medicaid limits are reached. However, you may qualify for Medicaid even if your income is higher than the specified limit. Under Medicaid Spend Down rules, a person's medical expenses are subtracted from their income during a specific time period. Once their income reaches a pre-determined level, they may qualify for benefits for the remainder of the time period.

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Medicaid considers all assets that could be used toward paying a person's healthcare costs. For more Medicaid Spend Down information visit:

<http://www.medicare.gov/your-medicare-costs/help-paying-costs/medicaid/medicaid.html>

For more information about Medicaid coverage in your state visit: www.medicaid.gov.

For more information on Medicare and Medicaid eligibility, contact the Center for Medicare & Medicaid Services at: www.cms.hhs.gov or the National Association of Elder Law Attorneys at: www.naela.org.

Social Security

Social Security is a federal insurance program that provides benefits to retired people and those who are unemployed or disabled. For more information on Social Security End-of-Life benefits consider the following online resources:

- For general information visit: www.socialsecurity.gov or call 800.772.1213.
- For social security income & burial fund information:
<http://www.ssa.gov/ssi/spotlights/spot-burial-funds.htm>
- For Special Lump Sum Social Security Death Benefit information:
<http://www.ssa.gov/survivorplan/ifyou7.htm>
- For Social Security Survivor's Benefit Fact Sheet:
<http://www.ssa.gov/survivorplan/ifyou7.htm>

Veterans Administration

The US Department of Veterans Affairs provides US Military Servicemembers and Veterans and their families with many End-of-Life benefits and services, including End-of-Life care, pension, and life insurance and burial benefits. Call 800-222-8387 or visit: www.va.gov for more information.

You may also read the Passare eBook, "Understanding US Veterans Benefits and Services" at www.passare.com/resources/how-to-guides for more information on End-of-Life benefits for US Military Servicemembers and Veterans.

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Take a few minutes to answer these questions.

1. What combination of savings, pension, long-term care or life insurance will you use to pay for your End-of-Life expenses?
2. Which part of your healthcare insurance covers long-term care or nursing home care?
3. Which government health insurance program(s) are you eligible for?

Drafting Your End-of-Life Financial Plan

We recommend the following steps to create your End-of-Life financial plan:

- **Gather documents and inventory finances**
This will help you get a clear view of your financial situation, organize your assets and help your family or FPOA manage your financial affairs after you pass away.
- **Identify assets and valuables**
Locate and identify all assets of potential value, including personal heirlooms and contents of safe deposit boxes or storage units. Consult with loved ones for help.
- **Consult with advisors**
Experienced financial and legal professionals can help you better understand and manage your End-of-Life financial matters.
- **Appoint personal representatives**
Appoint one or more persons you trust to manage your medical and financial matters if you become unable and to carry out your final wishes after you pass away.
- **Complete legal documents and tasks**
Preparing an AD, Durable or FPOA and/or a will ensures that your decisions about your final care and services, financial assets and heirlooms will be honored after you pass away and will help provide for your loved ones, protect your assets and avoid probate court and estate taxes.
- **Research and estimate costs**
Learn about costs associated with final care and comfort procedures, including long-term and nursing home care and final services. Your choices will help you determine the financial resources you'll need.

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- Pre-plan and/or pre-pay your funeral or final services
Consider service option preferences and whether obtaining prepaid funeral insurance is right for you or your family.
- Review benefits
Review your personal resources, health, long-term care and life insurance plans and government programs to assess values and check benefits to which you may be able entitled.
- Consider resources
Consider all financial resources including pension, dividends from investments, payments from a 401(k) or IRA, personal savings, stocks and bonds, and the value of your home.
- Make a budget
Determine if you can pay for your End-of-Life expenses and whether you will be able to cover the costs with your personal savings and other resources.
- Consider additional insurance
Decide whether obtaining additional health, life, or prepaid funeral insurance is right for you or your family.

Once your End-of-Life financial plan is in place, we suggest you do the following:

- Copy and store documents
Give copies of your End-of-Life financial plan to your loved ones or an advisor.
Store documents in a secure, accessible place.
- Communicate your plan
Your End-of-Life financial plan is useful only if others know about it. Let your loved ones know you have an End-of-Life financial plan and where it is stored.

Summary

There are many things in life and at End-of-Life that we can't control. Yet there are some things we can. With forethought and planning, you can reduce End-of-Life financial stress for yourself and your loved ones. You'll have peace-of mind knowing that you have created a financial plan to provide for your loved ones, protect your assets and ensure that your final wishes are honored during this important life passage.

Please visit: www.passare.com for more information and expert resources on managing End-of-Life financial matters and many other End-of-Life Management topics.

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Frequently Asked Questions (FAQ)

1. What is an End-of-Life financial plan?

End-of Life financial planning is a process that includes reviewing your financial situation, evaluating choices and making decisions that will comprise your plan for how you will fund your End-of-Life expenses. There is no one End-of-Life financial plan that fits everyone's needs. Each person's plan varies according to age, health, financial situation and your wishes for your final care and services, and how you want your assets distributed after you pass away.

2. How do I start my End-of-Life financial plan?

Begin by gathering and organizing important financial documents to get a clear picture of your financial situation and to determine your assets (what you own) and your liabilities (what you owe). Review your income and debt statements, insurance and investment documents, government insurance information and tax return statements. Next, identify other potential sources of value like the contents of safe deposit boxes, personal safes and storage units. Then talk with loved ones and professional advisors to help you develop your End-of-Life financial plan.

3. What are the main elements of an End-of Life financial plan?

Important End-of-Life financial decisions and tasks include appointing a person you trust to manage your medical and financial matters if you become unable; completing legal documents to provide for loved ones and protect your assets; and preplanning and/or prepaying your funeral or final services. Research and estimate costs associated with final care and services. Review your health, long-term care and life insurance plans, personal financial resources and government programs to assess benefits to which you may be able entitled. Make a budget to determine if you can pay for End-of-Life expenses.

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4. What are some examples of End-of-Life legal documents?

An Advance Healthcare Directive or living will provides your directions for what kind of treatment you want if you become unable to make your own decisions; a Durable and Power of Attorney (DPOA) which gives a person you appoint legal authority to make financial decisions for you if you become unable; and a will which includes your final wishes for your final services and for distributing your financial and digital assets after you pass away.

5. What are the main financial sources to pay for End-of Life?

The three primary resources to manage End-of-Life costs include personal funds, insurance policies and government programs like Medicare and Medicaid or Social Security.

6. What's the difference between long-term care insurance, Medicare and Medicaid?

Long-term care insurance is private insurance that you or an employer may purchase. Medicare and Medicaid are government healthcare insurance programs. Medicare is federal health insurance for people age 65 and older and for some people with disabilities. Medicaid is a federal and state health insurance program for people with limited income and resources. For more information visit www.medicare.gov and www.medicaid.gov.

7. What are some ways to pay for funeral costs?

You may choose to prepay your funeral with funeral insurance to freeze today's prices and protect your family from tomorrow's rising funeral costs. Payment plans are available. Life insurance benefits are also commonly used to cover funeral costs.

8. What financial resources are available to US Military Servicemembers and Veterans?

The US Department of Veterans Affairs provides Servicemembers and Veterans and their families with many End-of-Life benefits and services, including End-of-Life care, pension, and life insurance and burial benefits. Call 800-222-8387 or visit: www.va.gov for more information.

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Checklist: End-of-Life Financial Planning

We recommend the following steps to create your End-of-Life financial plan:



Gather documents and inventory finances

This will help you get a clear view of your financial situation, determine your assets (what you own) and your liabilities (what you owe), and organize your assets



Identify assets and valuables

Locate and identify all assets of potential value, including contents of safe deposit boxes or storage units



Consult with advisors

Experienced financial and legal professionals can help you better understand and manage your End-of-Life plan



Appoint personal representatives

Appoint one or more persons you trust to manage your medical and financial matters if you become unable, and to carry out your final wishes after you pass away



Complete legal documents and tasks

Preparing an AHD, DPOA or FPOA, a will and/or a trust ensures that your decisions about your final care and services, financial assets will be honored, and will help your estate avoid probate court and estate taxes after you pass away



Research and estimate costs

Learn about costs associated with final care procedures, including long-term and nursing home care and final services. Your choices will help you determine the financial resources you'll need

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Pre-plan or pre-pay your funeral or final services

Consider service option preferences and whether obtaining prepaid funeral insurance is right for you or your family



Review benefits

Review your personal resources, health, long-term care and life insurance plans and government programs to assess values and check benefits



Make a budget

Determine if you can pay for your End-of-Life expenses and whether you will be able to cover the costs with your personal savings and other resources



Consider additional insurance

Decide whether obtaining additional health, life, or prepaid funeral insurance is right for you or your family



Copy and store documents

Give copies of your End-of-Life financial plan to your loved ones or an advisor and store documents in a secure, accessible place



Communicate your plan

Let your loved ones know you have an End-of-Life financial plan and where it is stored

Visit www.passare.com for more information and expert resources on managing End-of-Life financial planning and other End-of-Life Management topics.

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From birth to death, life is a series of passages. Only Passare allows you to connect and collaborate with your family any time, anywhere to easily explore and plan for End-of-Life.

With Passare, you can engage with trusted End-of-Life experts and relevant resources that guide you through one of life's most important passages and ensure that the specific needs and wishes of you and your family are honored. Please visit www.passare.com for more information on how we can help simplify End-of Life Management.



Robert L. Shepard graduated from New College of California, School of Law, in May 1998 and gained an advanced degree at Golden Gate University's LLM masters program in taxation. Robert L. Shepard's practice is focused on preventative law. With a new and forward-thinking process, Shepard has helped over 1,000 clients protect and ensure their assets get passed onto the next generation with minimal government interference.

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