5 WAYS TO PAY *for Senior Care & Nursing Home Costs*

As you're weighing senior care options for your loved one, cost is likely an important consideration. The good news is by preparing your family's resources and learning about under-used benefits, you'll have increased peace of mind by having a plan to pay for senior care and nursing home costs.

No matter the financial route you choose, you should conduct thorough research, have all of your loved one's financial affairs in order and consult professionals when needed. Following are five ways to help pay for senior care and nursing home costs:

1. *Check for under-used benefits.*

Many people aren't aware that U.S. wartime veterans may qualify for the Aid & Attendance benefit for veterans and their surviving spouses. This monthly benefit is in addition to a veteran's regular pension and can help cover the costs of assisted living or nursing care. It is a "pension benefit" and not dependent upon service-related injuries for compensation. Some restrictions apply; however, most veterans in need of assistance qualify. The assistance helps cover in-home assistance, independent living, assisted living, memory care and skilled nursing – essentially covering a significant portion of healthcare fees.

Any vet who has served even one day during a period of foreign war and who has difficulties with one or more activities of daily living, such as eating, bathing and dressing, as well as financial planning and medication management, may be eligible. Under recent increases to the new benefit plan, a married veteran can receive over $2,000 per month to pay for senior care, while a veteran's surviving spouse can receive just over $1,000.

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Additional benefits for older adults in America can be found through the National Council on Aging, which has identified more than 2,000 different programs assisting seniors in making ends meet.

There are programs to help pay for seniors' medications, assistance with paying utility bills, free or reduced dental care, and more. To learn more, visit the National Council on Aging's website, www.benefitscheckup.org. After taking a survey, the site creates a report detailing which programs could be beneficial and how to apply for them.

2. *Work with long-term care insurance.*

If you or your loved one bought long-term care insurance, consider yourself lucky. Depending on the type of policy, long-term care insurance benefits can be applied to nursing home costs and/or assisted living care; all you need to know is how to collect on it.

There are increasingly flexible long-term care policies available that can meet needs ranging from adult daycare to assisted living to skilled nursing, with a few policies even paying a family caregiver for in-home care. Premiums may be tax-deductible, and benefits from tax-qualified plans are non-taxable, making this option even more attractive.

Yet the premiums can be costly and increase in cost with age and poor health, so experts recommend individuals begin planning between the ages of 52-64. The chances for being declined of coverage also increase with age; on average, 45 percent of applicants between the ages of 70 to 79 are denied long-term care insurance, while 24 percent of those ages 60 to 69 are denied.

Many factors come into play when choosing a specific policy, from deductible amount to potential overlaps with private insurance or Medicare. Seniors may find it helpful to consult a long-term care advisor and research carefully before buying.

3. *Use life insurance pay-outs.*

Many seniors have funds invested in a life insurance policy but find they need financial support now. To cash out a policy, ask your life insurance company about "accelerated" or "living" benefits. Commonly, the company that originally issued the policy buys it back for 50 to 75 percent of its face value. Different rules may apply depending on the company and type of policy.

If the company that issued the policy won't cash it in, your loved one could sell the policy to a third-party company in return for a "life settlement" or "senior settlement," which is usually a lump sum of 50 to 75 percent of the policy's face value. After buying the policy, the settlement company pays the premiums until the policyholder dies, at which point the company receives the benefits, rather than the policy's original beneficiaries. Another option, known as a "life assurance" benefit or life insurance conversion program, allows seniors to convert the benefit of a life insurance policy directly into long-term care payments.

Talk with a qualified financial advisor or elder law attorney to learn more.

4. *Maximize any government benefits.*

If your loved one falls below a certain income level, Medicaid may help cover a portion of their senior community or nursing home costs. Each state has its own set of regulations for how this works, so be sure to look into the process of requesting Medicaid assistance for your own state. In many states the programs go by another name, so look up the name of your state program online. Medicaid funds are accepted for placement in skilled nursing communities across all states; however, other types of care vary by state and may be limited.

Adults ages 65 and older can use Medicare to pay for up to 100 days of skilled nursing and rehabilitation following a hospital stay, but not for assisted living or independent living in a senior community.

Social Security represents a valuable and stable source of funds (1/3 of the average retiree's income) that can be maximized with careful planning. Many people find they can take advantage of delayed retirement credits to increase their future Social Security benefits. Depending on when a retiree was born, benefits increase by 3-8% every year. For instance, if you wait until age 70 to collect then the monthly check could increase by 25% or more.

Many married couples find that they can maximize their benefits by thinking carefully about which spouse should file for benefits when, and by taking advantage of new rules regarding spousal benefits. A lower-earning spouse can begin collecting spousal benefits (50% of the spouse's benefit) at age 65 while the other spouse suspends benefits, continues working and collects delayed retirement credits.

5. *Use home equity.*

Traditionally, Americans' most valuable asset is their home. But, depending on the housing market, that capital may not be available when the time comes to make the move to a higher level of care. Many families first try to pay for nursing home costs with the profits made from the sale of a house, but may also decide to look into other options, like renting the house or using the house to qualify for specialized loans.

A bridge loan is designed for individuals who need access to funds right away, but are waiting for a home to sell. These interest-only loans tap into a home's equity to pay senior living expenses until the home sells. Then the borrower pays off the loan with money from the sale of the house. Loans up to $50,000 can be taken out, and they can be repaid later after a home, stocks, bonds or other assets can be sold. It's designed to help seniors come up with the large up-front entrance fee that may be required for some continuing care retirement communities.

A reverse mortgage allows seniors to cash out the value of your home equity, either in a lump sum or in a series of monthly payments. The borrower can stay in the home until their death, even if the loan balance exceeds the home's worth. Upon death, the loan balance must be repaid, usually by means of selling the home.

Reverse mortgages were originally developed to help widows remain in their homes after the breadwinner passed away. Today they work best if your loved one owns the home outright, has only a small mortgage or when one parent needs assisted living but the other can remain in the home. To apply for a reverse mortgage, one homeowner must be over the age of 62 and one person must continue to live in the home.

It's important to remember that taking out a reverse mortgage is actually withdrawing the equity from a home, and as interest compounds on the reverse mortgage balance, the value of the estate declines at a progressive rate. Regardless of the situation, be sure to vet lenders and their terms thoroughly; unscrupulous lenders have been known to cheat senior citizens with mortgages containing punitive terms and fees. HUD-sponsored counseling agencies provide free or low-cost advice from an impartial source and will help you locate a FHA-approved, reputable lender. Visit the HUD website at hud.gov to find out more.

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