

March 2011



# CHUBB REPORT

## WHAT'S GOIN' ON BY WAYNE CHUBB

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I apologize for the tardiness of this newsletter, and for the departure from my usual column. I also hope this helps illustrate why Heather does what she does, and why it is so important.

As some of you are aware, my Mom passed away suddenly five years ago. My Dad was devastated at the time, and has never completely recovered from it. That may be why I missed – or chose to ignore – some clues over the last few months that a problem was developing.

The Chubb family has, for several generations, died loyally of heart disease, and especially heart attacks. Modern medicine has solved that problem to the point where we are no longer suffering from that affliction, and living long enough to develop Alzheimer's Disease. Dad's mom. Dad's older brother. And now, with amazing rapidity, my Dad.

The emotional toll has been much higher than I ever could have guessed. Having to move my Dad (somewhat against his will) from his home to independent senior housing has left him – the former All-Star high school and college quarterback, top scholar at the Northwestern Graduate School of Business, and award winning Salesman and Division Manager for the Olin Corporation – panicked, angry, frustrated, and confused. It has strained all my relationships – with Dad, with Heather, with the boys, with my job, my friends, and God.

But it could have been much worse. My Dad planned his finances so that he is not a burden on us. His pension and Social Security easily cover his monthly expenses with quite a bit to spare, he has a paid-for long term care policy that will cover any other medical expenses he is likely to incur, and the proceeds from the sale of his Bay Area home will be available for everything else. If we had to support him financially on top of everything else, it could have been devastating.

What really bothers me is that I had no idea what Dad's finances were. Had we needed to support him, we would have found out far too late to begin setting aside the extra money, and would have needed to drain the kid's college fund, or our retirement fund, or possibly sell the house and downsize or have him move in with us. And thus did I finally understand why Heather emphasizes the importance of communicating your wishes and plans for your golden years (and before) with your loved ones.

For you parents, of any age – please communicate with your kids. Communicate your hopes and plans for the future. Let them know any concerns you may have, especially health concerns. I emphasize that because my Mom suffered from Non-Hodgkins Lymphoma for six years, and swore my Dad to secrecy. It wasn't until the final five weeks of her life, when she was in an ICU, in a medically induced coma, and unable to communicate with us, that my sister and I learned the truth. Did I mention that we had to track my sister down – I am not making this up – on sabbatical at a remote lake in Mongolia when Mom went into the hospital? Absolutely no one came out a winner in that one.

For you sandwich generation kids – that would be Heather and me, and all of you with retired (or planning to be) parents – start the difficult conversations. You need to know, for their sake and sanity and yours, what planning they have or haven't done. Assure them, and yourself, that you aren't critiquing their planning, and you aren't being a money grubbing kid, although it will feel that way at first. The emotional stress that will come someday is unavoidable. The financial stress, however, IS avoidable – and you owe it to yourself and the parents who helped make you the person you are today to minimize it.

*If you want to learn more about making it easier to help your aging parents Heather has some great resources—see the back page for details.*

# Having the 'Tough Conversations' With Mom or Dad

BY HEATHER CHUBB



"Does mom want to live in a nursing home?"

"Does dad consider living with Alzheimer's or Dementia to be quality of life?"

"Is there legal documentation in place that ensures someone can act financially on

mom or dad's behalf if they are unable to?"

"Is the person named to make healthcare decisions for mom or dad willing to be a strong advocate for them?"

These are just four of many questions that I urge adult children to ask their parents. Without the answers to such questions, families could be left battling over long-term care, struggling financially and not truly honoring their parent's wishes should the disease unexpectedly strike.

So many families avoid talking about Alzheimer's or Dementia until it's too late. Especially from a legal standpoint, if you don't know your parents' wishes or the documentation they have in place, you could be left with a huge mess on your hands in the wake of this debilitating disease.

I recommend 5 specific conversations adult children should have with their parents as soon as the opportunity presents itself. They comprise the following:

1. **Long-term care preferences-** Does mom or dad want to live in a nursing home or would they prefer in-home care if the need presented itself? If they prefer a facility, what amenities and activities are important to them at this point in their life? These are questions that if discussed in advance can make the transition into an assisted living facility or a home-health care program much easier on everyone when the time comes.
2. **Current Legal Documentation-** It's imperative that adult children find out what legal documentation their parents have in place *before* incapacity occurs. This includes making sure their parents have a financial power of attorney, advance healthcare directive and HI-

PAA (Medical Release) forms so someone can easily step in to make financial or medical decisions on their behalf. Otherwise the family will be forced to petition a court for control over their parent's affairs if they have passed the point of legal capacity.

3. **Medical Preferences and Wishes-** Find out what type and how much medical care mom and dad want after receiving a diagnosis of Alzheimer's or dementia. Do they have specific wishes about life support or other end-of life medical treatments? Who do they want to make such decisions on their behalf? The answers to these questions will help your parents to feel secure knowing their wishes will be carried out during an otherwise emotionally-charged time.
4. **Current state of financial affairs-** To ensure finances stay properly managed after a diagnosis of Alzheimer's or Dementia, adult children should start asking tough questions about their parent's financial affairs. This includes finding out the location of any safety deposit boxes, bank accounts, investment or brokerage accounts, long-term care insurance policies, outstanding debts or other assets unknown to the family. Otherwise, necessary assets needed to cover long-term care or other expenses could be overlooked when memory loss ultimately occurs.
5. **Important contacts and information-** While their memory is sharp, adult children should work with aging parents to compile a list of important contacts and information that will be useful to the family if memory loss occurs. This includes documenting key doctors, professional advisors (i.e., accountant, attorney, financial advisor) and important passwords for online accounts.

While these conversations are certainly not easy to have, families can make the transition into living with Alzheimer's or Dementia much easier by simply planning ahead. Not to mention, mom or dad will appreciate your willingness to make sure their wishes are honored if and when incapacity occurs.

*Written by Heather R. Chubb, Life Transitions Lawyer, speaker, and Sandwich Generation Kid. Heather makes it easy for your family to talk about and plan for tough subjects like money, death and taxes, and other life transitions. Visit her online at [www.chubblawfirm.com](http://www.chubblawfirm.com).*

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## 5 Steps to Avoid Financial Strain When Caring for Aging Parents BY HEATHER R. CHUBB

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I wanted to share a link to this wonderful video I found online about having “tough financial conversations” with aging parents when it appears they do not have, or will quickly be running out of money, to cover their long-term care expenses.

In my opinion, this issue is more problematic than ever. With medical technology constantly improving and people living longer as a result, even the most financially-savvy individual can find their savings or retirement accounts sorely lacking in the later stages of life.

As you can imagine, this premature disappearance of funds often comes as a shock to individuals who have saved most of their adult life to ensure they would not be a burden on their family when retirement came.

Yet the sad reality is that family members often have to step in when it appears elderly parents can no longer support themselves.

The most important thing is to not let it take you by

surprise. As this video suggests, families should plan ahead and get a mutual understanding about what would transpire if mom or dad suddenly needed financial help.

This will ultimately help to avoid last minute scrambling, tension and financial catastrophe if important medical or long-term care expenses are in jeopardy of going unpaid.

You can watch the video here (<http://www.agingparents.com/financialstrain/>). Then let me know what you thought! You can drop me an email ([heather@chubblawfirm.com](mailto:heather@chubblawfirm.com)) or give me a quick call. I'd love to hear from you.

Of course if you need further assistance in preparing for your parent's (or your own!) financial future such as advanced asset protection planning, Medi-Cal planning or general estate planning, I invite you to give me a call at (916) 635-6800. With the mention of this article, you can come in for one of my comprehensive Peace of Mind Planning Sessions to discuss the needs of your aging parents.

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## The Right Kind of Trust Can Help Your Parents Qualify for Medi-Cal BY HEATHER R. CHUBB

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I am all too familiar with the following scenario--mom or dad can no longer take care of themselves and the family needs to bring in some form of additional care. Perhaps that's care from a nursing home or assisted living, or maybe just some help around the house a few days a week, but regardless of services, the family will often require some form of assistance to afford the costs.

The devastation comes when mom and dad find out they don't qualify for Medi-Cal or any other assistance because they own too much. And “too much” is usually an overstatement. Mom or dad may only have a tiny bit of money in the bank and own a modest home and still can't qualify for help.

This situation is heartbreaking as the family is then forced to sell or use up the remaining assets to cover their care. Not only does this mean there will be no inheritance left for the children, but the possibility still remains that mom or dad will outlive their funds and their children will be forced to pick up the tab.

Scrambling to put mom or dad's assets into a joint account with one of the children doesn't help the situation either. There are “look back periods” where the government can see if you've attempted to hide or give away funds. Not to mention, money in a joint account still counts as a qualifying “asset” to the person applying for government assistance and ultimately works against them in the end.

So how is it possible for mom or dad to qualify for Medi-Cal without losing everything they own in the process?

One solution is an irrevocable trust. With an irrevocable trust, your parent's assets will be “owned” by the **trust** and not them personally. That way when they apply for assistance, they will most likely qualify as they don't technically own anything in their name.

An irrevocable trust is the smartest (and unquestionably the most cost-effective) way to shield your parent's assets from the hands of a nursing home or other long-term care facilities.

However, as I mentioned earlier, there is a look back period when attempting to qualify for any type of assistance, so it's very important that you sit down with mom or dad as soon as possible to discuss how your family would handle the financial aspects of disability or incapacity before it happens. Then you can work with your parents, in addition to a qualified elder law lawyer, to make sure their assets are properly and safely transferred into the name of an irrevocable trust.

Remember, you don't have to sit back idly while a nursing home or elder care facility stakes claim to everything your parents have worked so hard for through the years simply because they couldn't qualify for assistance. Instead, I encourage you to be proactive, plan ahead and educate your parents on the benefits of having an irrevocable trust. It's the only way to protect



11211 Gold Country Blvd, Suite 101  
Gold River, CA 95670  
916.635.6800

#### INSIDE THIS ISSUE:

What's Goin' On—In Our Family	1
Critical Conversations	2
5 Steps to Avoid Financial Strain	2
The Right Kind of Trust is Key	3



I had written an entirely different message for this month's column—I was all set to share with you about Owen's first lost tooth and the tooth fairy's helper and Carson's cancelled snow camping trip with the Boy Scouts. But then Wayne gave me his "What's Goin' On" column. After I read it I knew that an entirely different message was in order.

If you have been receiving this newsletter you know that I often share what has been going on with my family—usually about the kids. Raising boys leads me into new territory and I'm never sure what's going to happen next. This month we're writing about yet another family member—Wayne's dad. I am grateful to Wayne for sharing his insights. I know it was difficult for him to write and I appreciate his openness as we now struggle down a path traveled by many other Sandwich Generation kids.

If you are caring for an aging parent (or may be in the future) you will want to read this issue cover to cover. I've packed it full of tips to make life transitions and caring for a parent a little easier. I also have an entire package of free resources just for the asking.

All my best,

### 4 Must Have Senior Care Planning Resources

simplify your life and put a **rock-solid hedge of protection** around your family as you deal with the challenges of raising children and caring for **aging** parents

- *17 page report*: "How to Survive Being a Sandwich Generation Kid and Care for Your Parents Without Going Broke or Insane"
- *Downloadable MP3*: "Estate Planning Strategies Revealed: How to Avoid Scams, Shield Your Assets and Protect the People You Love" (the information on this audio will literally save you THOUSANDS of dollars in legal fees)
- *Senior Resource Guide*—helps you locate facilities, movers, in-home care, support groups and much more
- *Grab and Go Kit*—all the medical information you need to make a trip to the ER or doctor less stressful

Go to <http://sandwichsurvival.com/>

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