

5 Secrets For Planning the Second Half of Life

By Janis Carney



What is the “Second Half of Life”? The answer depends on your perspective. As an elder law attorney, I define it as life after your children are grown and you begin to focus on yourself and plan for the rest of your life.

Until this point, you have dutifully planned for what would happen to your family if you died suddenly. How would you provide for them? How would you protect whatever you leave for them from taxes, probate and their own bad life choices? In the Second Half of Life, planning shifts to what happens when you don't die but instead endure a slower decline with all of the issues that journey may include.

Many clients assure me they will never need long-term care. They visualize a rapid decline and death, instructing not to be kept on life support. But what happens if their life ends differently? We need a plan that addresses how we want to be cared for along our journey, how we

will pay for our care, and who will make health care and handle finances when we cannot do so.

In planning for the Second Half of Life, the first secret is to have good legal documents that address your wishes and needs for aging, not just for death. You need detailed Durable Powers of Attorney over property and finances giving your trusted agent powers to handle all of your affairs. You also need a trust that allows your agent to modify it for changes in health and finances as well as changes in the law.

A second secret is to understand options and make a plan for the care you want and how to pay for it. Today more seniors elect care in a senior assisted living facility. These facilities are a great alternative when living in your own home is no longer realistic.

Another secret for seniors who are young enough and healthy enough to qualify are the new “asset based” long-term care insurance options, utilizing single premium life insurance or deferred annuity policy.

Including a long-term care rider on these policies may give coverage to seniors who could not qualify for a traditional long-term-care policy. They also have death benefits that pass to family if the long-term care limits are not depleted. These have other benefits over traditional long-term care policies.

A fourth secret shares ways to conquer many of the tax problems seniors face on selling the home in which they have lived in for decades. In some cases, we use certain trusts to minimize capital gains on the sale of the home while creating monthly income to pay for care.

In other cases, a senior may be able to move to a more aging-appropriate home or buy into a continuing care community without losing their Prop 13 tax base. If it is important to leave a home to a family member, we may use personal loans or private annuities to pay for the senior's care at home or in a facility.

The final secret to planning for the Second Half of Life is to have a team of professionals who can handle any obstacles that may come up along the way. A good team will include an elder law attorney, CPA, financial advisor/planner, care coordinator and team of caregivers, an independent geriatric care manager/advocate and family decision makers.

Janis Carney is an elder law attorney. For more information about planning for the Second Half of Life, you're invited to attend a free educational seminar. Visit: carneyelderlaw.com or call 408.402.6440.