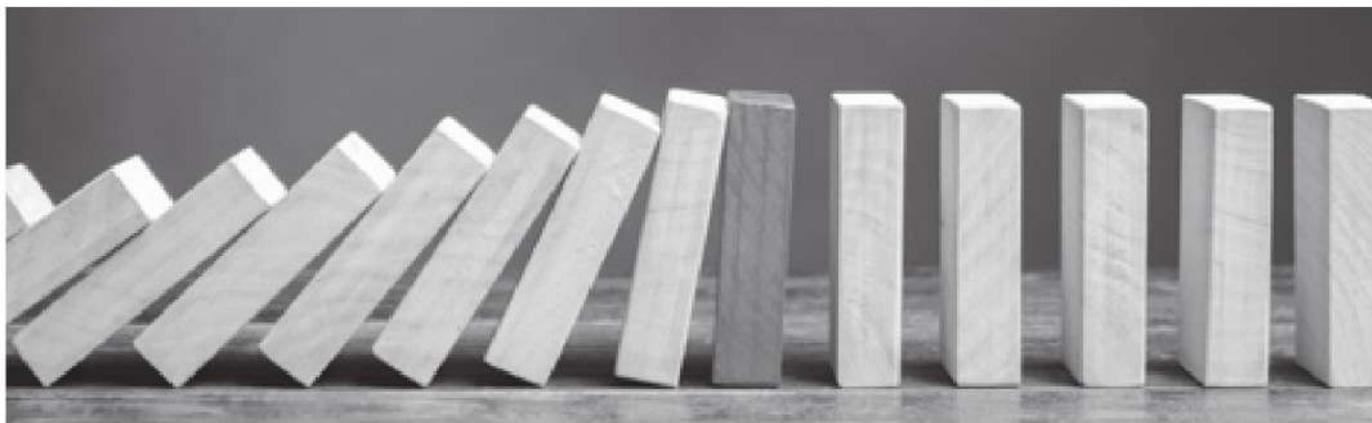


“Traditional Planning” vs *LifePlanning*

To appreciate LifePlanning, we need to take a look at the way most Americans approach retirement and identify the problems that arise.



The Domino Effect of Traditional Retirement Planning

Unfortunately, traditional retirement planning can often be disastrous because the elements of a typical plan are fragmented and conflicting. Pretend for a minute that you are a retiree with a traditional retirement plan. More than likely you have enrolled in Medicare. You have paid off your home and are hoping to age there until a time you no longer can, and you will move when the time comes. Thanks to your financial planner you also have a sizable nest egg to last the rest of your life. You have seen an attorney and created a Trust, Will, Powers of Attorney,

and a Living Will or an Advance Directive. Are you prepared for retirement? Maybe, maybe not. For a small few, traditional planning is enough. For most, it is nothing short of a disaster.

Imagine yourself sitting at home one day—successfully retired—watching your favorite TV show. In the middle of the show, without warning, you experience a massive headache. Something in the pit of your stomach tells you that this is not an ordinary headache. You dial 911. The EMTs crash through the door, start

attending to you, realize you are suffering a stroke, and rush you to the closest hospital.

This episode starts out being a health issue. After initial treatment, the attending physician advises you to exercise, socialize, change your diet, and lose some weight. Then the physician signs the discharge papers that send you to a rehabilitation center to receive physical, speech, and occupational therapy. You are given a list of centers to choose from and, because you never considered the possibility that you would have to choose a rehabilitation center, you have no knowledge upon which to base your decision. The hospital chooses the rehabilitation center (usually housed in a nursing home) for you. You have no idea as to the quality of the rehabilitation center chosen for you. Nor do you know when you will be handed your discharge papers.

You, like most Americans, never wanted to see the inside of a nursing home from a patient's perspective. However, since this nursing home stay is supposedly part of the healing process, you accept it—for now! You hope to make a rapid recovery and return home soon. For the first two or three weeks, you throw yourself

into the process, hoping that if you stick with the rehabilitation program, you will soon be home. But as time passes by, people keep telling you that you aren't healthy enough to return home. When your spouse or child visits wanting to know how you are feeling, all you can think to ask them is, "When am I getting out of here?" You don't want to admit it, but your health situation has made living at your home the way you were unattainable. You and your family now have a housing issue to deal with. You want to go home but everyone around you insists that this isn't possible at the current time. Still, you refuse to panic because no matter how tired you are of being in the nursing home, at least Medicare is covering the bill.

You expect Medicare to cover the bill for 100 days because the booklet from the Department of Health and Human Services on Medicare Coverage says on page 14 that you can get up to 100 days of Skilled Nursing Facility (nursing home) coverage.

So you, being unaware that "up to" means that the number can be significantly smaller than 100 days, are surprised when, on day 22, a

social worker walks into your room on a Friday and informs you that you have stopped making progress. And for that reason, Medicare is going to stop paying for your care on Monday. You now have one weekend to make other arrangements. What are your options? Home? This is only an option if your home has become equipped for you to safely stay in, which, depending on your financial, family, and health situation is probably unlikely.

What are your other options? You can remain in the nursing home and pay privately. But what will that cost? It depends. For instance, if you desire to continue to rehabilitate, the cost will likely average between \$15,000 to \$18,000 per month. But, if you choose to give up trying to rehabilitate and only desire to access long-term care services in a less clinical setting, such as an assisted living facility, the cost will be a bit more reasonable—a Seattle-area average is between \$9,000 to \$12,000 per month.

Medicare will not cover any of these costs in

any meaningful way. If you don't have a good long-term care insurance policy to help you with these costs, your stroke (which was first a **health issue**, then a **housing issue**) has now become a **financial issue**.

If you are lucky, someone will advise you to see an Elder Law Attorney. You may ask, "Why do I need to see a lawyer when I have my legal affairs in order?" You have a Will or Trust, Powers of Attorney, and a Living Will—all the documents you were advised that you would ever need to have in order to retire.

The answer is that an Elder Law Attorney can help you obtain funding to cover the exorbitant long-term care costs you now must cope with. And, if you find the right Elder Law Attorney, that attorney will help coordinate the planning with the medical and housing professionals, so you don't find yourself bouncing from one facility to another before you finally find your permanent placement. So, despite having all your legal affairs in order, you find that your

health issue morphed first into a housing issue, then a financial issue, and has now become a **legal issue**.

And your family, meanwhile, has been doing everything they can to help you, but they have no idea how to even start coordinating your care, paying your bills, or whom to contact for information. If you have not planned well and defined your wishes, your family must guess what you want at each step in the process, whether that was your intention or not. This is

why, at the end of the day, your retirement is truly a **family affair**.

You can see how one illness can turn seemingly disconnected aspects of life into one connected episode. Unless you have a comprehensive and well-coordinated retirement plan that addresses all five of these disciplines, you will find that your traditional planning is costing you financially, restricting your decisions, and rendering you an undue burden on others.

Luckily, YOU are beginning your LifePlanning journey to help you achieve a better outcome.