

THE GENDER CONUNDRUM IN LONG TERM CARE & ESTATE PLANNING

By Kathleen Kienitz*

The prospect of planning for long term care has become increasingly difficult for the majority of Americans who fall into the middle class. People of considerable wealth need not concern themselves if their estates are such that the average \$90,000 plus annual cost of nursing home care will not make a considerable dent in their portfolios. And, people with little or no savings who don't own a home are also, for the most part, spared the angst of facing this expense, because Medicaid (the MaineCare program) will pick up the expense. It is those people in the middle -- those have accrued a modest nest egg or simply own their own home -- who are faced with the brunt of the worry about how to meet this expense without depleting their estates.

On top of the squeeze that is being placed on nursing home assistance generally, women face a unique set of problems in this arena. One of these involves the income disparity found between men and women of the World War II generation. Because most women in the 1940s and 50s were traditional housewives, typically their Social Security earnings are much lower than their husbands', and few women of this generation have their own pensions. The income rules in MaineCare can result in disaster for women in this situation. There are two levels of care paid for by MaineCare - nursing home and residential care (also known as boarding home or assisted living). In neither case is the stay-at-home (community) spouse required to apply her own income to the cost of care of the MaineCare spouse. And, when one requires nursing home care, the community spouse may keep as much of the nursing home spouse's income to raise her income to a designated level (currently \$1,839). The residential care rules, however, have no such allowance; the residential care resident must apply all of his income to his cost of care, leaving the community with only her own income on which to subsist. Because residential care is often the first placement outside of the home, particularly for those with dementia, this rule can result in severe hardship to the community spouse and often the choice to delay placement well beyond the point at which adequate care can be provided in the home.

Another common problem involves pension payout options. Again, with the older generation, the pension is typically the husband's. Many company sponsored pensions offer a death benefit option to the employee's spouse. The death benefit option will often be along the line of three choices: 1) the same monthly benefit will be paid to the spouse, resulting in the lowest monthly benefit to the employee during his lifetime, 2) the monthly benefit to the spouse will be somewhat lower, resulting in a higher monthly benefit to the employee for life, or 3) there will be no monthly benefit to the surviving spouse, but the monthly benefit to the employee will be the highest. The problem here is obvious. The temptation of taking the highest monthly benefit during life can overshadow the hardship to be wrought on the surviving spouse when left with a diminished or even no monthly pension. Health insurance coverage is also a pension option that can have consequences for the surviving spouse. When making these decisions upon retirement, it is therefore extremely important to analyze and balance what the surviving spouse will need vis-a-vis what the couple will need.

Veteran's benefits can present a quagmire for spouses of disabled veterans, but one that is important to navigate. When a veteran has been determined to be disabled stemming from an event during his service, he may be entitled to disability compensation, depending on the degree of disability. Moreover, this type of disability should carry over to the surviving spouse. Although obtaining the requisite disability determination can often take months, if not years, persistence can pay off. Another source of long term care assistance is veteran's aid and attendance. This is a monthly stipend paid to veteran's receiving long term care assistance, but one must apply for it and be approved to receive it. In sum, if one's husband was a veteran, a call to the Veteran's Administration to ferret out what benefits are available either for the veteran himself or as death benefits can be well worth one's while.

Another area of disparity for women of the older generation involves simple demographics. Women as a group have a longer life expectancy than men, and they are usually younger than their husbands. The result is that most women outlive their husbands - often by many years. This of course can exacerbate the pension problem. Social Security helps somewhat by boosting a surviving spouse's retirement benefit level to that of her deceased spouse. A more insidious problem, however, is that women very often become the caretaker for their ailing husbands. This is often done lovingly, and reaps the immeasurable benefit of delaying placement in a nursing home. On the downside, however, it often takes a large toll on the physical and emotional well-being of the caretaker spouse - particularly in cases of degenerative diseases such as Alzheimer's or Parkinson's. And, by the same token, it is usually the woman who is widowed and must rely on institutional care when her own health fails. For this reason, one rule of thumb when shopping for long term care insurance is to consider insuring only the wife, particularly if affordability is an issue and if the wife is younger than the husband.

Finally, it is often a rude awakening to women of the older generation when they lose their husbands and find themselves at the helm managing household finances for the first time in their lives. For some, this comes even prior to the death of the husband in the event of debilitating disease. Many women of this generation have left all of the family finances to the husband, and the task of taking on this job can be overwhelming if it first hits when one is at an advanced stage of life. Women who fall into this category would be well advised to familiarize themselves with their finances while their husband is still able to show them the ropes.

The best preventative measure is to plan in advance. There is no question that the decisions are becoming more complex, but putting thought into one's estate and long term care planning before a crisis hits will almost always pay off.

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