

# Welcome!

## Long-term Care Options, Planning and Insurance

July 8, 2023

Taking Care of Your  
Financial Health



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### Torrance Memorial Highlight



#### Interventional Radiology (IR) Suite

- \$5.1 million cost
- Donation from Turpanjian Family
- Anticipated opening August 2023

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## Types of Planned Gifts

1. **Bequest** – gift through will, living trust or designation in a qualified retirement plan.
2. **Immediate Charitable Gift Annuity** – Simple contract between donor and the Torrance Memorial Foundation whereby lifetime payments are made to one or two individuals.
3. **Deferred Charitable Gift Annuity** – Annuity payments are deferred until a specified date in the future.
4. **Charitable Remainder Trust** – Trust that provides fixed or variable payments to named beneficiaries for life or a specified term of years.
5. **Retained Life Estate** – Gift of remainder interest in home or farm. Donor retains the right to live in the home for life.
6. **IRA Beneficiary** – Naming Torrance Memorial as the beneficiary of your retirement accounts (percentages can be designated as desired)

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## IRA / 401k Beneficiary Designations

- Provides tax benefits for heirs of pre-tax IRA, 401k, 403b, etc.
- You pay income tax on your IRA RMD\*
- No different for your heirs when inheriting IRA or 401k
- No tax liability when naming Torrance Memorial
- Use other assets to pass along to heirs

\*RMD=Required Minimum Distribution

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## Resource for Planned Giving

[www.TorranceMemorialFoundation.org/planned-giving](http://www.TorranceMemorialFoundation.org/planned-giving)

- Learn about the different arrangements available
- Plug in some numbers in the “gift calculator” to get an idea of how this type of gift might work for you
- **Download a FREE estate planning kit**
- Contact Sandy VandenBerge at (310) 784-4843  
[sandy.vandenberge@tmmc.com](mailto:sandy.vandenberge@tmmc.com)



Financial Health articles - [www.torrancememorialfoundation.org/News](http://www.torrancememorialfoundation.org/News)

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## How to Donate to Torrance Memorial

### Online

<https://www.torrancememorialfoundation.org/Donate>

### By Phone

Please call Torrance Memorial Foundation at 310-517-4703

You may charge your gift to your credit card or make a gift pledge

### By Mail

Check or credit card information to: Torrance Memorial Foundation

3330 Lomita Blvd

Torrance, CA 90505

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## Long-Term Care Options, Planning, and Insurance

### Presenters

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## Important Questions

- What are the Labor Laws and Hiring Liabilities You Need to Know?
- Home Care vs Nursing Home - Is There Anything Else?
- Traditional LTC Insurance in Turmoil - Other Options?

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## Hiring In-Home Care

- Wide range of fees based on level of liability the client holds
- Ever-changing homecare laws have eliminated what had been cost effective “live-in” rates (due to CA overtime laws and loss of sleep exemption)
- “Live-in” caregiver in Los Angeles must now gross at minimum **\$502.74/day** in compliance with all CA laws = \$15.96/hour + OT in LA County for all hours caregiver is present (but \$16.04/hour in the City of LA). **THIS DOES NOT INCLUDE EMPLOYER COSTS**
- Depending on hours and care level needed, caregiving from an employer model agency can cost anywhere from **\$32-40/hour** in LA County. Overtime rates may also apply. Monthly costs can range from **\$22,000 – \$30,000/month** for 24/7 care through an employer model agency

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## Employer Model Agency

- Pays caregivers, tracks their hours, sick days, overtime
- Withholds taxes, pays SSI, Workers’ Comp liability
- Is required by law to have professional liability, bonding and workers’ comp
- Is responsible for medical care, disability compensation and lost wages for work-related injuries
- Supervises caregiver, schedule changes and investigates any reported issues
- Screens caregiver and performs reference checks, background checks - some do drug screening

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## Training and Screening

### Minimum qualifications?

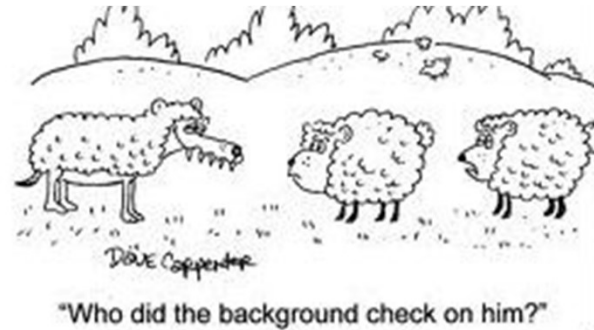
- Certifications, experience, training

### Screening

- Reference check
- Criminal background
- DMV check
- Social Security check
- Drug screening
- TB screening

### Training

- Physical Care
- Transfer Skills
- Behavior Management
- Dementia Care
- Professionalism/Communication



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## Advantages of Employer Model Agency

### Screens and checks eligibility of candidates

### Is responsible for employees

- ✓ Liability and injury
- ✓ Taxes and withholdings

### Handles caregiver management

### Has access to caregivers

- ✓ Flexibility in schedules
- ✓ Emergency coverage (COVID)



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## ● The Independent Contractor

- Schedule
- Tools/equipment
- Training/instruction



CA Supreme Court 2018 Dynamex court decision summed up the criteria of the independent contractor - “the worker is free from the control and direction of the employer.”

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## ● When Hiring Privately . . .

**You, as the employer, are responsible for:**

- W2 form
- Employment Eligibility Verification (I-9 form)
- Social Security (FICA)
- Federal Unemployment Tax (FUTA)
- State Disability Insurance (SDI)
- State Form DEI
- Workers Compensation Insurance
- Complying with state and federal statutes governing the wages, hours and working conditions of employees

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## Key Requirements

### For families who hire privately

- Report wages when starting, then quarterly to the State of California
- Pay employer's Social Security contribution
- Withhold employee's Social Security contribution
- Withhold State Disability Insurance contribution
- Pay Unemployment Insurance
- Provide workers' compensation coverage



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## Key Requirements (cont'd)

### For families who hire privately (cont'd)

- Keep records of hours worked and compute pay by the hour
- Pay at least \$15.96/hour in unincorporated areas of LA County for all hours caregiver is present (\$16.04/hour in the city of LA)
- Calculate appropriate overtime pay (more than 9 hrs/day or 40hrs/wk when care is in home)
- Collect and forward voluntary withholdings for state/federal income taxes
- Ensure all Wage Order rules are followed per classification regarding Meal Periods and Rest Periods
- Obey housing laws – protect against squatting

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## Caregiver Management

- Caregiver supervision; matching and fostering team communication
- Big picture look at progress and/or issues
- Backup plan/replacement caregivers
- Compliance (TB, CA registry renewal)
- Ongoing education/training
- Payroll (addressing minimum wage increases, OT, travel time, sick pay, etc)
- Minimizing overtime
- Communicating expectations (punctuality, job duties, professionalism)
- Documenting services, time keeping, mileage, caregiver expenses

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## Dangers of Hiring Privately

- Squishy professional boundaries, becomes overly familiar
- Increased risk for isolation and undue influence
- Liability when caregiver drives
- Liability for wrongful termination or harassment (dementia)
- Who gives caregiver warnings for noncompliance termination?
- Who performs knowledge/skills assessment?
- Who provides coaching and makes adjustments?



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## What else is there?

Before you select a long-term option, you need a clear understanding of the current and future care needs

- **Independent Living**
- **Assisted Living (includes Board & Care homes)**
- **Skilled Nursing**
- **Memory Care**
- **Continuing Care Retirement Communities**



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## Depends on the Needs

**Medical** – injections, IV fluids, tube feeding, wound care, suctioning, physical therapy, occupational therapy, speech therapy, drawing blood, administering medications, etc.

### **Non-Medical –**

**Activities of Daily Living (ADLs)** – bathing, dressing, grooming, eating, ambulating, toileting, transferring

**Instrumental Activities of Daily Living (IADLs)** – meal prep, money management, shopping, light housework, laundry, phone use, companionship, socialization, activities, outings, etc.

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## What are the Costs?



### Assisted Living

- When only custodial care is needed
- Assisted Living Communities range from \$3,500-\$20,000/month (private)
- Shared rooms can start at \$2,500/month (few accept less)
- Board & Care Homes range from \$3,000-\$9,000 (few accept less)

### Skilled Nursing (short-term or long-term)

- When long-term skilled medical care is needed
- Start at \$11,000/month for shared and up to \$17,000/month for private
- Can be covered by Medi-Cal (or Assisted Living Waiver waitlist)

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## What are the Costs?

### Memory Care

- When cognitive impairment requires higher level of care
- Ranges from \$7,000-\$15,000

### Continuing Care Retirement Community

- Has all 4 levels of care
- Good for couples since all care needs can be met on one property
- Offers a long-term care contract for resident's lifetime or can engage monthly
- If long-term contract, will continue care even if resident runs out of funds
- "Buy-in" ranges from \$250,000-\$700,000 plus monthly service fee charges around \$6,000/month



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## ● Aging Life Care Manager

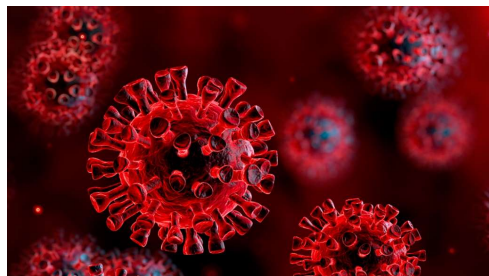
- Ensure medication reconciliation and compliance
- Provide emotional and psychological support
- Create a care plan to enhance cognitive and social engagement
- Advocate for appropriate services
- Educate regarding disease and/or aging issues
- Assist with paperwork so entitlement resources are exhausted
- Support selection and transition to alternative housing options
- Address any Quality of Life concerns
- Help plan for future care needs
- Supervise and manage caregivers

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## ● Post-COVID World Thoughts

- Screening of caregivers/staff
- Necessity of a back-up plan
- Restrictions in facilities
- Importance of creativity



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## ● Game Changer – New Medi-CAL Eligibility

### Medi-CAL Asset Limit Increase (July 1, 2022)

\$130,000 for one person + \$65,000 for additional person

Asset limit goes away in 2024

### Income Limit – same

\$1,564/month for single person; \$2,106/month for couple

Above the limit = Share of Cost

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## ● Downsides to Medi-CAL

- Limited resources already (no bed availability)
- Quality of care in Medi-CAL facilities
- Medi-CAL recoups losses after death



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## LTC Insurance – Key Issues

### A Risk Management Challenge

- ✓ Difficult to insure due to broad range of care requirements

### Vulnerability/Fragility Factors

- ✓ Physical
- ✓ Mental

LTC = Long-Term Care

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## Key Issues (cont'd)

### Human Nature

- ✓ Easy to ignore...until an event occurs

### Family Engagement Levels Vary

- ✓ A healthy spouse is usually first line of defense
- ✓ Do we have reliable family members?
- ✓ Have we “empowered” those who will step in?

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## Cost Boundaries

Hourly at \$36		\$ Per Month*	\$ Per Year
	4 hours per day	\$4,320	\$51,840
	12 hours per day	\$12,960	\$155,520
Assisted Living (Custodial Care)		\$ Per Month	\$ Per Year
	Communities	\$3,500 - \$20,000	\$42,000 - \$240,000
	Shared Rooms	\$2,500 - \$3,500	\$30,000 - \$42,000
	Board and Care Homes	\$3,000 - \$9,000	\$36,000 - \$108,000
Skilled Nursing / Memory Care		\$ Per Month	\$ Per Year
	Shared Rooms	\$11,000	\$132,000
	Private Rooms	\$17,000	\$204,000
	Memory Care Facility	\$7,000 - \$15,000	\$84,000 - \$180,000

\*Based on 30 days per month

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## Personal Appraisal

### Income

Pension, Social Security,  
Investment Distributions

### Assets

- ✓ Certificates of Deposit,  
Money Market, Savings
- ✓ Investment Assets
- ✓ Home/Personal Assets

### Family

Are they able and willing?

### Legal

Are empowering documents in  
place? (Powers of Attorney, Health  
Directives, Trustees/Fiduciaries)

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## ● Planning Options

### Personal Financial Assessment (self-funding)

Are risks well-covered/partially-covered/not-covered

### Traditional LTC Insurance

Strict underwriting/Regular recurring premiums/\$ per day or month/Flexibility in structuring benefit coverage

### Life/Annuity/LTC Hybrids

Simplified underwriting/Large single premiums/Enhanced Long-Term Care Benefits or Death Benefits/Return of Premium

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## ● Planning Options (cont'd)

### Life Insurance with LTC Provisions/Riders

Strict underwriting/Need for life insurance a priority/LTC secondary

### Government Options

- ✓ Medicaid/Medi-Cal – requires asset spenddown
- ✓ Medicare – very limited benefits
- ✓ Veteran's Assistance

LTC = Long Term Care

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## What is Long-Term Care Insurance (LTCi)?

**LTCi covers types of care your health insurance, Medicare and Medicare supplements typically do not**

### **Commonly provided through**

- ✓ Home health care, assisted living, skilled nursing/memory care
- ✓ Adult day care
- ✓ Respite care
- ✓ Hospice care

### **Claiming benefits**

- ✓ 2 of 6 activities of daily living (ADL)
- ✓ Cognitive impairment (dementia/Alzheimer's)

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## LTCi Policy Structure

- **Reimbursement vs. indemnity**
- **Benefit period & amount**

Example: \$4,000/month x 3 year benefit period =  
\$144,000 LTCi benefit pool

- **Elimination period**
- **Inflation protection**
- **Optional riders (e.g. shared care)**

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## Traditional vs. Hybrid Policy

Scenario / Feature	Traditional LTC Policy	Hybrid LTC Policy
Need long-term care	LTC benefits pool	LTC benefits pool
Never need LTC	No death benefit	Death benefit provided
Change mind	No return of premium	Return of premium (some or all)
Reimbursement or indemnity	Reimbursement	Both available
Shared care	Optional	Not available
Premium payments	Lower initial (level)	Higher initial (single premium, etc.)
Premium increases	Possible	None

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## When Should You Consider LTC Insurance?

### Factors

- ✓ Premiums increase with age
- ✓ Requires medical underwriting
- ✓ Cost of benefits are increasing
  - Inflation protection
  - Benefit period

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## Resources

**Caring.com** 800-973-1540

**Los Angeles Department of Aging** <https://aging.lacity.org>

**California Advocates for Nursing Home Reform**  
<http://www.canhr.org>

**Dept of Health Care Services (DHCS)**  
<https://www.dhcs.ca.gov/Pages/Asset-Limit-Changes.aspx>

**Program for All-Inclusive Care for the Elderly (PACE)**  
<https://www.dhcs.ca.gov/provgovpart/Pages/PACE.aspx#medicaidenrollment>

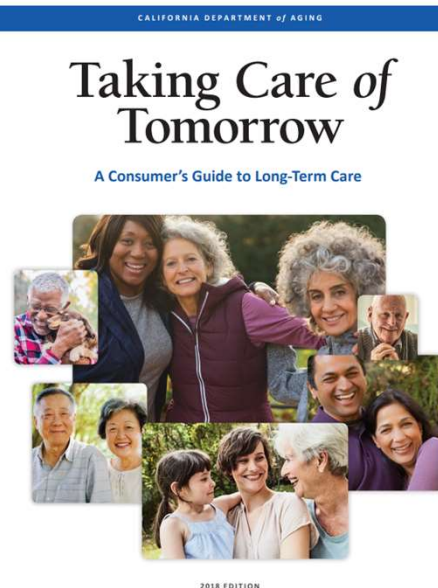
**Aging Life Care Association** <https://www.aginglifecare.org>

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## Resources (cont'd)

**CA Department of Aging: Taking Care of Tomorrow, a Consumer's Guide to Long-Term Care**



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● Thank you!

# Questions?

## Disclosure

*This material is for general information only and is not intended to provide specific advice or recommendations for any individual. To determine what is appropriate for you, please consult a qualified professional.*

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● Follow-up Questions

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[www.torrancememorialfoundation.org/news](http://www.torrancememorialfoundation.org/news)

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