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Seniors and Special Needs News - September 4, 2015

1 message

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With help, seniors and people with special needs can keep some of their assets in the family rather than lose their entire life savings to the costs of long term care. They can use these protected assets to enhance their quality of life beyond what long term care alone will provide.

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The Koewler Law Firm
 JAMES L. KOEWLER, JR.



Seniors and Special Needs News

Legal Issues when someone has Dementia Consider how to Pay for a Funeral

Today's newsletter continues the discussion of Legal Issues when someone has Dementia. The introductory newsletter ([May 1, 2015](#)) put forth the issue of "Who can speak for someone with dementia?" The [May 15, 2015](#) newsletter discussed the situation where the person with dementia has Advance Directives in place. The [May 22, 2015](#) newsletter discussed the legal issues in determining whether a dementia sufferer can choose to have new Advance Directives prepared. The [May 31, 2015](#) newsletter discussed options in preparing a Health Care Power of Attorney. The [June 5, 2015](#) newsletter discussed how to decide whether to prepare a Living Will. The [June 12, 2015](#) newsletter discussed the General Power of Attorney. The [June 19, 2015](#) newsletter discussed the importance of making the General Power of Attorney "durable." The [June 26, 2015](#) newsletter discussed whether to make General Powers of Attorney "springing." The [July 3, 2015](#) newsletter discussed revoking prior Powers of Attorney. The [July 10, 2015](#) newsletter discussed Do Not Resuscitate orders. The [July 17, 2015](#) newsletter discussed the Right of Disposition designation. The [July 24, 2015](#) newsletter discussed the Will (aka Last Will and Testament.) The [August 1, 2015](#) newsletter discussed Beneficiary Designations on IRAs, bank accounts, etc. The [August 7, 2015](#) newsletter discussed whether to pre-plan a funeral. The [August 14, 2015](#) newsletter discussed how to choose a final resting place. The [August 28, 2015](#) newsletter discussed pre-planning the funeral ceremony itself. Today's installment will discuss when and how to pay for the pre-planned funeral.

Today's newsletter continues the discussion of issues to manage when someone finds out that they have dementia. These issues should be managed before the dementia gets worse, before the disease takes away the person's ability to make decisions. Following on the previous discussions [(1) whether to pre-plan a funeral, (2) choosing a final resting place, and (3) planning the funeral ceremony,] this week's discussion will focus on paying for the funeral.

There are three choices for paying for a pre-planned funeral: Don't pay until the funeral, pay the funeral home in advance, or buy funeral insurance. Each has some advantages and some disadvantages.

PAY AT THE TIME OF THE FUNERAL

Payment at the time of the funeral has the advantage of allowing the family to pay only for what funeral services are actually used. A pre-planned funeral is important, but the actual funeral might be smaller (i.e., less expensive) than the original plan. As we age, we outlive more of our friends and loved ones, making the cost of a funeral smaller often because of shorter calling hours and a smaller repast. Payment at the time of the funeral allows the payment to fit the actual services without the need to adjust plans to fit the pre-paid budget.

Payment at the time of the funeral also has the advantage of delaying the discomfort of dealing with the funeral any more. Pre-planning the funeral may be tough enough emotionally. Taking the extra step of paying at the time of the planning might add to the emotional weight of the task.

The disadvantage of waiting until the funeral to pay is that there may be no money left to pay for the funeral. The person's cost of living may have used up all available funds, especially if the person needed long term care before passing away. Then, the family has to find money to pay for the funeral.

PRE-PAY THE FUNERAL HOME

Pre-paying the funeral home might lock in the costs for many of the funeral services, at least those that the funeral home provides directly. Some funeral homes make this promise for pre-paid plans. (On the other hand, some of my clients who believed that they had locked in their funeral costs by pre-payment did not, in fact, receive such a lock-in. The families had to pay more money at the time of the funerals.)

A pre-planned funeral with pre-payment at the funeral home is the easiest for the family to manage. Most of the services and most of the payment are already arranged and at the same place. It's as close as one can get to "one stop shopping" for a funeral.

Pre-paying a funeral also has the advantage of being an allowed expense by

the Medicaid rules for long term care. A person who needs long term care and who needs Medicaid coverage to pay for it is allowed (encouraged, even) to pre-pay his or her funeral. As long as the payment matches the funeral cost estimate and as long as the payment is irrevocable, the funeral fund isn't considered an "asset" that would make the person financially ineligible for Medicaid. Pre-paying at the funeral home fits Medicaid's requirements for a pre-paid funeral.

A disadvantage of pre-paying at the funeral home is that the funeral home may go out of business or may change ownership (to an owner whom the family may not want involved in the funeral.) Legally, the family can ask for the money in the pre-paid fund to be transferred to another funeral home. Making such a request, however, while a family member is grieving the loss of a loved one may be more difficult than the family wishes to pursue. In addition, while most pre-paid plans at a funeral home are supported by a type of funeral-specific life insurance policy, the family tends to think of the pre-payment with the funeral home, not the insurance company. If the funeral home goes out of business, the family may have no thought to look for an insurance policy. Similarly, if the person moves, the funeral may not take place at the funeral home where it was planned (because the person's friends are near the new home.)

Another disadvantage of pre-paying at the funeral home comes from the possibility that the deceased may have been on Medicaid for long term care. (This is a little complicated.) A person in a nursing home usually has a personal account at the nursing home. It tends to be used for hair care, field trips, and visits to the snack bar. A person on Medicaid is allowed to keep some of his or her monthly income to save into this personal account. As the person ages and becomes weaker, his or her use of the personal account decreases, but the monthly deposits into the account continue. When a Medicaid recipient passes away, nursing homes (at least in my area) believe that they can pay that personal account to the person's funeral home or to Medicaid (as a small repayment toward the amount that Medicaid had paid for the person's care.) If the funeral home has received full payment for its services because of a pre-payment at the funeral home, the nursing home will send the contents of the personal account to Medicaid (because there isn't an easily identified shortfall in the costs at the funeral home to which the personal account can be dedicated.)

The third disadvantage of pre-paying the funeral home is that the funeral home may not wish to accept pre-payment for expenses that are not directly for the funeral and burial. For example, some family members may need to travel to attend the funeral and to stay overnight in a hotel. In my experience, funeral homes do not wish to accept pre-payment for these expenses that are not run of the mill.

PRE-PAY VIA INSURANCE

The funeral-specific life insurance mentioned above in which the funeral home usually places the funds it receives for pre-payment is available (in Ohio anyway) for direct purchase by the public. Pre-paying the funeral through the purchase of such insurance has some of its own advantages and disadvantages.

Direct purchase funeral insurance can cover any identifiable funeral-related cost, including unusual costs like travel for out-of-town family. A cost for such unusual items must be documented at the time the insurance is purchased, but the coverage is available.

Direct purchase funeral insurance isn't tied to any one funeral home. It can be used for any funeral service provider. This gives the family greater flexibility to use the pre-payment at any funeral home, protecting against a change of funeral home ownership or a funeral home going out of business. This flexibility also protects the pre-payment from the insured person moving to a new home after planning the funeral.

As discussed above, pre-paying a funeral is an allowed expense in the eyes of Medicaid. Medicaid does not care whether the pre-payment is at a funeral home or to a funeral insurance policy.

Because the funeral insurance isn't tied to a particular funeral home, the family can capture the money in the personal account at the person's nursing home. The family should ask the nursing home to pay the personal account to the funeral home. Then, the family uses the insurance policy to pay the rest of the funeral home's costs and also any other insured costs.

As an added advantage, if the nursing home personal account is large and the projected costs haven't gone up too much, the added money might exceed the planned costs. This gives the family a cushion to cover the cost of a service that was left out of the plan (and something is almost always left out at the pre-planning stage.)

Using funeral insurance does give up the opportunity to lock in the funeral home costs at the pre-paid level. (The funeral home may or may not offer such a lock-in, but the use of an outside insurance policy will not lock in the costs.)

Also, the use of outside funeral insurance makes it slightly (and I do mean slightly) more complicated to carry out the funeral plan. It's not the one stop shopping like pre-paying the funeral home, but it's not much less convenient.

MY PREFERENCE

I tend to have my clients use the funeral insurance. (Apologies to my friends at funeral homes that sell pre-paid funeral arrangements.) Remember, my clients hire me to help them save money on their long term care. As a result,

I like the ability to capture the nursing home personal account. I also like the ability to pre-pay for the non-traditional funeral costs so that the family doesn't have to pay for them at the time of the funeral.

NOTE

I want to offer a final note about the relationship between pre-paid funerals and Medicaid. If the person pre-planning the funeral isn't suffering from a dementia-causing disease too badly yet so that long term care doesn't look like it will be necessary soon, the person should go ahead and pre-pay the funeral (assuming that the emotional difficulty in dealing with the funeral plans isn't overwhelming, as discussed above.) If, though, the disease is advanced and it seems that long term care will be necessary soon, delay the pre-payment for a bit. An elder law attorney can get shelter more of the person's assets from the costs of long term care by arranging the TIMING of the funeral payment. (There is no right or wrong time to pre-pay a funeral. There is, though, a more advantageous time to pre-pay a funeral.) The timing is very specific to each client, so I do not intend to discuss it in detail.

Suggest a Newsletter Topic

I try to write something new (and useful) in my newsletter every week. So, I know that I will sometimes have writer's block. I'd like your help, please.

If you have a topic for my newsletter that you'd kindly suggest, I promise to consider it. (I don't promise to pursue it. I just promise to consider it.) I try to write about issues concerning seniors, health care, long term care, special needs, Veterans Pension (aka Aid and Attendance) benefits, and Veterans Compensation benefits. Please keep your suggestions within or near to those topics.

Please submit your suggestion [here](#). If I use your topic suggestion, I'll put the content in both my blog and newsletter.

Thank you for your help.

Social Media Posts from the past week

09-03-2015 #Parents of children with #SpecialNeeds have the same parenting challenges <http://ow.ly/RxqEk>

09-02-2015 Looking at finances when an #AgingParent has #Dementia <http://ow.ly/Rxduc>

09-01-2015 #ReverseMortgage might substitute for #LongTermCareInsurance, but only for #HomeCare <http://ow.ly/RxpMm>

08-31-2015 #AgingAdults providing #HomeCare for older Aging Adults <http://ow.ly/RxcH3>

08-30-2015 #AARP & #AmericanBankersAssociation team up to educate #AgingAdults about #SeniorFraud <http://ow.ly/Rx2E8>

08-29-2015 Explaining to #Family about your #EstatePlanning <http://ow.ly/Qr8Rm>
<http://www.lawfirmchronicle.com/2015/07/estate-planning-having-the-inheritance-talk/>

08-28-2015 #Legal Issues when someone has #Dementia – Pre-Planning a #Funeral Ceremony <http://wp.me/p47F09-dy>

Older social media posts can be found in the [social media post archive](#) on the firm's website, ProtectingSeniors.com.

The Koewler Law Firm News

9-10-2015 Jim Koewler will help host an ice cream float social at the Soprema Senior Center in Wadsworth, Ohio as part of the Medina Senior Services Network's Client Services Committee. The U.S. Postal Service will provide a presentation on identify theft in conjunction with the social.

9-22-2015 Jim Koewler will discuss Money Management for Seniors at Chambrel of Montrose, a Brookdale Community, in Akron, Ohio.

9-24-2015 Jim Koewler will discuss Helping Reluctant Seniors accept the benefits of Long Term Care at Stow-Glen Retirement Village in Stow, Ohio. Continuing education credit is available for Certified Case Managers, social workers, counselors, and nurses. (rescheduled from an earlier date)

10-28-2015 Jim Koewler will discuss Preventing Senior Fraud at Southwest General Medical Center in Middleburg Heights, Ohio. Continuing education credit is available for social workers, counselors, and nurses.

10-28-2015 Jim Koewler will discuss Helping Reluctant Seniors accept the benefits of Long Term Care at Westlake Village in Westlake, Ohio. Continuing education credit is available for Certified Case Managers, social workers, counselors, and nurses.

Older items of firm news can be found in the [news archive](#) on the firm's website, ProtectingSeniors.com.

Jim's available presentations

- Overcoming Seniors' Resistance to Long Term Care (Continuing

Education credit available for social workers, counselors, nurses and Certified Case Managers)

- Preventing Senior Fraud (Continuing Education credit available for social workers, counselors, and nurses)
- My Care Ohio and Medicare/Medicaid “Dual Eligibles” (Continuing Education credit available for social workers, counselors, and nurses)
- Navigating Medicaid, Medicare, and the Affordable Care Act (Continuing Education credit available for social workers, counselors, and nurses)
- What people Know about Long Term Care that is Wrong (Continuing Education credit available for social workers, counselors, and nurses)
- Government Benefits that can help Pay for Long Term Care (Continuing Education credit available for social workers, counselors, and nurses)
- Legal Issues for People with Dementia (Continuing Education credit available for social workers, counselors, and nurses)
- Veterans Benefits for Long Term Care (Continuing Education credit available for social workers, counselors, and nurses)
- Advance Directives – Powers of Attorney, Living Wills, etc. (Continuing Education credit available for social workers, counselors, and nurses)
- Buying Long Term Care Insurance Wisely (Continuing Education credit available for social workers, counselors, and nurses)
- Planning Ahead to Protect against Long Term Care Costs (Continuing Education credit available for social workers, counselors, and nurses)
- Organizing for Long Term Care (Continuing Education credit available for social workers, counselors, and nurses)
- Pre-planning your Funeral (Continuing Education credit available for social workers, counselors, and nurses)
- Elder Law: A Primer (Continuing Legal Education credit available)
- Protecting your Money when you need Long Term Care and Essential Estate Planning Considerations (with free living wills for up to 20 audience members)
- Myths about Long Term Care Costs
- How to help your Parents Manage their Affairs

Upcoming meetings

9-9-2015 Medina County Senior Services Network, Brookdale Emeritus (formerly known as Emeritus at Camelot Place,) Medina, Ohio, 8:00 a.m.

9-9-2015 Summit Senior Sales, Administrators and Marketers Association, Magnolia Village, Wadsworth, Ohio, 2:30 p.m.

9-10-2015 Lorain County Senior Services Network, Wesleyan Village, Elyria, Ohio, 8:30 a.m.

9-11-2015 Eldercare Professionals of Ohio, Bradley Bay Health Care, Bay Village, Ohio, 9:00 a.m.

9-14-2015 Medina County Senior Services Network's Education Committee, Tres Potrillos, Medina, Ohio, 11:30 a.m.

9-15-2015 UH Bedford Medical Center Senior Network, Jennings Center for Older Adults, Garfield Heights, Ohio, 8:30 a.m.

9-16-2015 Geauga Professional Association Specializing in Seniors ("PASS"), Maplewood Assisted Living, Chardon, Ohio, 8:30 a.m.

9-17-2015 UH Bedford SeniorNet Legislative Awareness Committee,

Panera, Warrensville Heights, Ohio, 3:00 p.m.

9-22-2015 Summit County Senior Services Network, Anthony Kucko
Kertesz Funeral Home, Akron, Ohio, 8:00 a.m.

9-22-2015 Professional Networking Group, Montefiore, Beachwood, Ohio,
8:30 a.m.

9-22-2015 Wayne Holmes Senior Service Coalition, Wayne County Care
Center, Wooster, Ohio, 8:30 a.m.

9-24-2015 Parma Hospital Senior Resource Network, Westwood Place,
Strongsville, Ohio, 8:30 a.m.

9-24-2015 Portage Senior Services Network, Family and Community
Services Building, Ravenna, Ohio, 8:30 a.m.

9-24-2015 The Association of Specialists in Aging, Mentor Senior Center,
Mentor, Ohio, 8:30 a.m.

9-25-2015 Eldercare Professionals of Ohio, Broadway Care Center,
Cleveland, Ohio, 9:00 a.m.

9-30-2015 UH Bedford Senior Network's Wellness Expo and Cookoff, Solon
Senior and Community Center, Solon, Ohio

Newsletter Archive

Past issues of this newsletter can be found in the [newsletter archive](#) on the firm's
website, ProtectingSeniors.com.

Contact Jim Koewler

If you'd like to contact Jim, this newsletter has a dedicated [contact page](#) on the
firm's blog site, ProtectingSeniorsNews.com.

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