



## Where to Find Money for In-Home Care

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# Where to Find Money (and Free Resources) for In-Home Care

Caring for an aging parent, elderly spouse, domestic partner or close friend presents difficult challenges – especially when a crisis hits and you are suddenly faced with the responsibilities of elder care. If your children are living at home or away at college, and you now have the added responsibility of caring for an elderly parent, it doesn't matter whether ...

- You and your spouse both work full-time, or
- You are a one-income family, or
- You are a single working parent ...

Welcome to The Sandwiched Generation.

More than 50 million Americans provide unpaid care for a family member or friend — either in that person's home or in your own. If you are one of them, you know first-hand that the time and energy burden can be huge.

Nearly 20 million (more than 1 in 3 family caregivers) quit their job or cut back their work hours. In addition to the obvious loss of wages, caregivers also lose valuable health insurance and other job benefits, retirement savings, and Social Security benefits.

Today's turbulent economic times add to the stress you already feel. "What if I get laid off?" "How will I pay my mortgage?" "Will I lose my home in foreclosure?"

Caregivers are at risk of becoming "patients" themselves because of the physical and mental health effects of caregiving added to the stress of their daily lives. "Will I have to spend the money we set aside for retirement to help pay for Mom's care?" "Will my children still be able to go to college?"

The greater the intensity in the type or quantity of assistance provided, the greater the magnitude of the health effects, which are largely due to chronic stress. Not surprisingly, problems paying medical bills and medical debt are more frequent among caregivers than among non-caregivers.

Believe it or not, there are hundreds of organizations and programs to help you with the costs and efforts of taking care of an elderly parent.

1. [Benefits.gov](https://www.benefits.gov) — official benefits website of the U.S. government
2. [Benefits CheckUp](https://www.benefitscheckup.org) — benefits website of The National Council on the Aging

3. Benefits CheckUp Rx — Medicare prescription drug website of The National Council on the Aging
4. State prescription drug plans — prescription drug help for seniors
5. Needy Meds — pharmaceutical companies that offer free drugs to low-income seniors
6. Social Security Divorced Spouse Benefit
7. VA Special Pension with Aid and Attendance (A&A)
8. VA — numerous other veterans benefits programs from the Department of Veterans Affairs
9. Eldercare Locator — free public service developed by the U.S. Administration on Aging
10. Medicare — age 65 and older
11. Medicare — before age 65
12. Medicare's QMB and SLMB programs
13. Supplemental Security Income (SSI)
14. Medicaid home health care
15. Food Stamps — Supplemental Nutrition Assistance Program [SNAP]
16. Nutrition Services Incentive Program (NSIP) — formerly Nutrition Program for the Elderly
17. The Senior Farmers' Market Nutrition Program
18. Reverse Mortgages
19. Accelerated or Living Benefits
20. Life Settlements
21. Cash in a life insurance policy
22. Medicaid's Cash and Counseling program
23. Long-term care insurance that includes in-home care coverage
24. Income tax deductions
25. Other benefit sources
26. Find money (bank accounts, utility deposits, etc.) that your parents may have forgotten about

These programs can help you overcome many of the challenges of caring for an elderly loved one in a manner that helps your loved one maintain as much control over their life as feasible, considers their desires as well as their needs, truly respects them, and allows them to live out their life with dignity.

Here's more information about each program.

**1. Benefits.gov.** Benefits.gov, the official benefits website of the U.S. government, has information about more than 1,000 benefit and assistance programs. Gather up all the information you can about your loved one (health history, disability, income, financial assets (such as property owned), their military history, education level, etc.).

Then, go to [Benefits.gov](https://www.benefits.gov) and answer every question you can in the questionnaire; it will take only 5-10 minutes. It's free, easy-to-use, and completely confidential. They don't

ask for your name, phone number, Social Security number, or any other information that could be used to identify your loved one.

When you are finished, you'll receive a list of helpful federal government programs for which your loved one may be eligible. The list will include a description of each program, the general requirements for eligibility, how to apply for benefits, and complete contact information.

You can also find out about other benefit programs that are available in the state where your loved one lives. Click on Benefits, then click on State.

**2. Benefits CheckUp.** Millions of older adults are eligible for federal and state benefits but are not receiving them, including assistance to pay Part B and Part D premiums for Medicare benefits. This is unfortunate because these programs can help with housing, meals, transportation, health care, prescription drug costs, legal services, heating assistance and utility bills, just to name a few.

[Benefits CheckUp](http://benefitscheckup.org) (benefitscheckup.org), a website created by The National Council on the Aging, helps older adults quickly and easily find out which benefits they qualify for, and how to get them. (Many are available regardless of income.) This is a free service and is completely confidential. It does not require your loved one's name, address, phone number, Social Security number, or any other information that could be used to identify them.

Simply complete the online questionnaire. In a few minutes, you'll have a list of programs for which your loved one most likely qualifies, including phone numbers and addresses. It also includes step-by-step instructions on how to apply for the benefits.

**3. Benefits CheckUp Rx**, a new addition to Benefits CheckUp. [BenefitsCheckUpRx](http://benefitscheckup.org/cf/extrahelp.cfm) (benefitscheckup.org/cf/extrahelp.cfm), can help you find out if your loved one is eligible for extra help to pay for Medicare prescription drug costs. People who qualify will have low or no deductibles, low or no premiums, no coverage gap (the infamous donut hole), and pay much less for their prescriptions.

Complete the online Medicare Rx extra help application to see if your loved one might be eligible for this valuable benefit. This is a free service and is completely confidential. At the same time, you can also find out if your loved one might be eligible for other programs that can help them with their health care and other costs.

**4. State Pharmaceutical Assistance Programs.** 32 states now offer prescription drug help for seniors. Generally speaking, these are targeted to low and middle-income seniors who are not eligible for Medicaid. The requirements to join and benefits offered vary from state to state. For information about the state where your loved one lives, visit

[State Pharmaceutical Assistance Programs](https://ncsl.org/research/health/state-pharmaceutical-assistance-programs.aspx) (ncsl.org/research/health/state-pharmaceutical-assistance-programs.aspx) a service of the National Conference of State Legislatures.

**5. Needy Meds.** Some pharmaceutical companies offer free or discounted drugs to low-income seniors with no means to purchase the drugs. Patient Assistance Programs provide medicine, at no cost or at a discount, to people who qualify. Disease-Based Assistance Programs help with the costs of specific diseases and conditions. Some programs also assist with insurance co-payments as well. NeedyMeds now lists coupons for free brand name drugs, rebates and other supplies.

Many of the programs require the help of a physician to apply for benefits. Go to [NeedyMeds.org](https://needymeds.org) ([needymeds.org](https://needymeds.org)) for information about applying to the companies for help.

**6. Social Security Divorced Spouse Benefit.** If your loved one was married for at least 10 years, he or she would be entitled to a Social Security retirement benefit equal to the larger of:

- A benefit based on their own work history, **OR**
- A benefit as a divorced spouse (one-half of their ex's benefit even though he or she may have already passed away).

If the benefit based on their work history is larger, your loved one will continue to receive that benefit, adjusted each year for inflation, for the rest of their life.

On the other hand, if your loved one's benefit as a divorced spouse is larger, your loved one will begin to receive that amount as soon as it is approved by Social Security. They will also be entitled to a lump-sum payment for all of the prior months they were eligible for that benefit but didn't collect them, even if it's been years since they first became eligible. Generally speaking, the amount of the lump sum will be the difference between what Social Security actually paid based on their own work history and what they should have been paid as a divorced spouse.

Here's another important fact: It makes no difference if your loved one's ex has remarried. Your loved one will still receive his or her full benefit, even if their ex later divorced their next spouse, and that person is receiving his or her own divorced spouse benefit.

For more information, go to [Social Security](https://ssa.gov) (ssa.gov).

**7. VA Special Pension with Aid and Attendance (A&A).** This little known program can help pay for your parent's nursing home, *or anywhere else* your loved one is receiving care. Provided by the U.S. Department of Veterans Affairs (the VA), the A&A

Special Pension benefit can increase the maximum amount that can be paid to a qualified veteran. This can help pay for care in the home, in an assisted living facility, or in a nursing home. It is not dependent upon service-related injuries, but the veteran must be eligible for the basic VA pension benefit described in the next section.

Generally speaking, most veterans will qualify if:

- They served at least one day on active duty during a period of war, and
- They require the regular assistance of another person to perform everyday functions and activities that people usually do without help.

More specifically, a veteran, or his or her spouse or widow must:

- Require the regular assistance of another person to perform everyday functions and activities that people usually do without help. These include dressing and undressing, eating, bathing, and toileting; **OR**
- Be bedridden or need help to adjust to special prosthetic or orthopedic devices; **OR**
- Have a physical or mental injury or illness that requires regular assistance to protect them from hazards or dangers in their daily living environment; **OR**
- Be a patient in a nursing home due to mental or physical incapacity; **OR**
- Be blind, or so nearly blind as to have corrected visual acuity of 5/200 or less, in both eyes, or concentric contraction of the visual field to 5 degrees or less.

In addition to those requirements, veterans who entered active duty before September 8, 1980 (October 16, 1981 for officers):

- Must have served at least 90 days of active military service, ONE day of which was during a period of war, **AND**
- Must NOT have been dishonorably discharged.

Veterans who entered active duty on or after September 8, 1980 (October 16, 1981 for officers):

- Must have served at least 24 continuous months of active military service (or the period for which they were ordered to active duty if less than 24 months), ONE day of which was during a period of war, **AND**
- Must NOT have been dishonorably discharged.



The VA Special Pension with Aid and Attendance does NOT have any age requirements. And, it does NOT require that the veteran was in a war zone. The ONE day requirement applies anywhere in the world, even if the veteran was stationed only in the U.S. during his or her entire period of active duty.

### **How to apply for the A&A Special Pension**

Call the VA at their toll-free number, 1-800-827-1000, or complete an application online through the VA's website. But, if you apply through the VA, you may have a long wait before finding out if you will receive the A&A Special Pension.

We recommend that you work with the experts at [Elder Veterans Legal Aid Group](http://evlag.com) (evlag.com). They are more knowledgeable than the experts at the Veterans Administration and will guide you step-by-step through the application process. Call them toll-free at 1-800-878-2149.

**8. Other Veterans Benefits.** Many other VA benefit programs can provide financial support to veterans, their spouses, and their survivors. Even if they haven't claimed veterans benefits before, their age, physical condition, or low income may now qualify them for financial help. By assisting your loved one in the application process, you may be able to help improve their quality of life or benefit their survivors. Among the numerous VA benefits for which they may be eligible, some of the more important benefits are:

**VA Housebound Benefit.** Like the A&A Special Pension benefit, the VA Housebound Benefit increases the maximum amount that can be paid to a qualified veteran. This can help pay for care in the home, in an assisted living facility, or in a nursing home. It is not dependent upon service-related injuries, but the veteran must be eligible for the basic VA pension benefit described in the next section.

Generally speaking, most veterans will qualify if they:

- Have a single permanent disability evaluated as 100-percent disabling **AND**, due to such disability, they are permanently and substantially confined to their immediate premises; **OR**
- Have a single permanent disability evaluated as 100-percent disabling, **AND** another disability, or disabilities, evaluated as 60 percent or more disabling.

A veteran cannot receive both Aid and Attendance and Housebound benefits at the same time.

**Basic monthly pension benefits** for wartime veterans with limited income who are:

- Permanently and totally disabled, **OR**
- Are at least 65 years old.

The amount of the monthly pension benefit is based on a veteran's income. Visit the VA's website at [va.gov](http://va.gov) ([vba.va.gov/bln/21/pension/vetpen.htm#7](http://vba.va.gov/bln/21/pension/vetpen.htm#7)) for details.

**Vietnam veterans with diabetes.** Because Agent Orange has been determined to be a factor in the onset of diabetes, Vietnam veterans with diabetes are eligible for a minimum of 10 percent disability pension.

**Veterans with Post-Traumatic Stress Disorder (PTSD).** PTSD is a service-connected disability. Veterans diagnosed with PTSD will be eligible for a VA pension.

**Health care** at veterans medical centers and hospitals. For more information, including benefits for family members, visit the [VA website](http://va.gov) ([va.gov](http://va.gov)).

**Prescription medications** issued by their VA doctor have a co-pay of \$8. If the medicine is for a service-connected disability, the copay is zero. For more information, including benefits for family members, visit the [VA website](http://va.gov) ([va.gov](http://va.gov)).

**Hearing loss.** Digital hearing aids for qualifying veterans may also be available through the VA. For more information, visit the [VA website](http://va.gov) ([va.gov](http://va.gov)).

**Low vision rehabilitation.** VHA Optometry Service offers a wide variety of services ranging from primary eye care to low vision care.

**Automobile Adaptive Equipment.** One automobile allowance is payable to certain very disabled veterans. Some reimbursement is possible for adaptive equipment. Check with your nearest VA office before making any purchases. The Automobile Adaptive Equipment (AAE) program is designed to help physically challenged persons to enter, exit and/or operate a motor vehicle or other conveyance.

Veterans are trained, through the VA's Driver's Rehabilitation Program, how to safely operate their vehicle on our Nation's highways.

The VA also provides necessary equipment such as platform wheelchair lifts, UVLs (under vehicle lifts), power door openers, lowered floors/raised roofs, raised doors, hand controls, left foot gas pedals, reduced effort and zero effort steering and braking, and digital driving systems.

Additionally, VA's program provides reimbursements for standard equipment including, but not limited to, power steering, power brakes, power windows, power seats and other special equipment necessary for the safe operation of a vehicle.



**Clothing Allowance.** Prosthetic appliances and medications have an effect on clothing. If qualified, a veteran can receive a one time or yearly allowance for reimbursement. Any veteran who is rated for a service-connected disability for which he or she uses prosthetic or orthopedic appliances may receive an annual clothing allowance. The allowance also is available to any veteran whose service-connected skin condition requires prescribed medication that irreparably damages the veteran's outer garments.

**Home Improvement and Structural Alterations Program (HISA).** Under the Home Improvements and Structural Alterations (HISA) program, veterans with service-connected disabilities or veterans with non-service-connected disabilities may receive assistance for any home improvement necessary for the continuation of treatment or for disability access to the home and essential lavatory and sanitary facilities. A HISA grant is available to veterans who have received a medical determination indicating that improvements and structural alterations are necessary or appropriate for the effective and economical treatment of his/her disability. A veteran may receive a HISA grant and either a Special Home Adaptation (SHA) grant or a Specially Adapted Housing (SAH) grant. The HISA program is available for both service-connected veterans and non-service-connected veterans.

**Wheelchairs and other mobility devices.** For more information, visit the [VA website](http://va.gov) (va.gov).

**Important Note:** Many, but not all, of the VA's financial benefits are payable only if a veteran has what's called a service-connected disability. But, the veteran does not have to actually become disabled while in the military.

For many veterans, a condition that began decades before in the military may not be evident while in the service and only becomes disabling as they grow older. If so, a veteran may qualify for service-connected disability benefits whenever the condition actually becomes disabling. "Disability" means a physical, mental, or emotional condition that limits or prevents a veteran from performing some normal, everyday activities; "service-connected" means that the condition was caused while the veteran was in the military.

You can help a veteran apply for some benefits online at the [VA website's](http://va.gov) (va.gov) application page. Or you and the veteran you're caring for can make an appointment to talk to a VA benefits counselor in person at a local VA benefits office. To find a veterans benefits office near you, go the [VA website's](http://va.gov) (va.gov) office locator page.

**9. Eldercare Locator.** This free public service was developed by the U.S. Administration on Aging. It helps older people and their caregivers find state and local support services that allow them to live independently and safely in their homes and communities for as long as possible. Look for the resources you need by following the

directions on their website, [Eldercare Locator](http://eldercare.gov) (eldercare.gov) Or, call their toll-free telephone number 1-800-677-1116, between 9 am and 8 pm weekdays, Eastern Time.

**10. Medicare — after age 65.** If your loved one has become weak or has difficulty walking, both of these conditions can be at least partially overcome with proper physical therapy. If your loved one's doctor agrees, ask the doctor for a written prescription for physical therapy. Medicare will pay for therapists to come to your loved one's home to provide the therapy IF it is provided by a Medicare-certified agency. For more information, visit [Medicare.gov](http://Medicare.gov) and click on this year's edition of **Medicare & You**. Physical therapy is one of the benefits under Home Care.

It is important to note that fewer than half of home health agencies are certified. Care at home can be very expensive if you have to pay for it out of your own pocket. Ask the agency if it is Medicare-certified BEFORE you hire them.) When the agency does its initial evaluation of your loved one's needs, they'll be able to tell you how long Medicare will pay for your loved one's therapy.

**11. Medicare before age 65.** If your loved one qualifies for Social Security disability benefits or Railroad Retirement Board disability benefits and remains disabled for two years, he or she will also become eligible for Medicare coverage of their medical bills (even though they won't yet be age 65). For more information, visit [Medicare.gov](http://Medicare.gov).

**12. QMB and SLMB.** Some low-income Medicare beneficiaries can also have their Medicare premiums, deductibles and co-payments paid by Medicare in a program administered by state Medicaid offices. The programs, called QMB (Qualified Medicare Beneficiary) and SLMB (Specified Low-Income Medicare Beneficiary), are also available to low-income people who are not eligible for Medicaid. A state Medicaid office or Aging Services office can provide more information.

The **QMB** program provides the following benefits:

- Payment of Medicare Part A monthly premiums (when applicable).
- Payment of Medicare Part B monthly premiums and annual deductible.
- Payment of co-insurance and deductible amounts for services covered under both Medicare Parts A and B.

**Note:** Medigap premiums are not covered by QMB or SLMB.

Eligibility criteria for the **QMB** program require that:

- The applicant must be eligible for Medicare Part A insurance, (even if not currently enrolled).

- The applicant's monthly income must be at or below 100% of the annual federal poverty level. The federal poverty level is announced early each year. The income eligibility level for the Qualified Medicare Beneficiary program changes to reflect that figure each April.
- Personal assets, including cash, bank accounts, stocks and bonds must not exceed \$4,000 for an individual and \$6,000 for married couples.

**Note:** Applicants who are eligible for Medicare Part A but not enrolled, may conditionally enroll in Medicare Part A at any time during the year and then apply for QMB to cover the cost of the Medicare Part A premium which must otherwise be paid by voluntary enrollees (those not automatically eligible for Medicare Part A through Social Security or Railroad Retirement entitlement).

The **SLMB** program provides the following benefits:

- Payment of the Medicare Part B monthly premium only.

Eligibility criteria for the **SLMB** program require that:

- The applicant must be eligible for Medicare Part A insurance, (even if not currently enrolled).
- The applicant's monthly income must be between 100% and 120% of the annual federal poverty level. The federal poverty level is announced early each year. The income eligibility level for the Specified Medicare Beneficiary program changes to reflect that figure each April.
- Personal assets, including cash, bank accounts, stocks and bonds must not exceed \$4,000 for an individual and \$6,000 for married couples.

**13. Supplemental Security Income (SSI).** If your loved one qualifies, SSI can supplement their other benefits so that they receive a minimum income each month. In general, if their income (including Social Security Retirement or Disability benefits) is below the minimum income and they own few assets, SSI pays the amount necessary to bring their income up to the minimum amount. This is true even if your loved one owns their home. For more information, read Social Security's pamphlet "[Supplemental Security Income](https://ssa.gov/pubs/11000.pdf)" (ssa.gov/pubs/11000.pdf). You should also call Social Security's toll-free number, 1-800-772-1213, to find out if your loved one might be eligible for SSI.

In counting assets, the SSI program does **not** count:

- **A home**, regardless of its value, as long as the person lives in it.

- **A car**, up to a market value of \$4,500. If the car is used for work or commuting, is needed to get medical care, or is specially equipped for a disability, there is no market-value limit.
- **Personal property and household goods**, up to a current value of \$2,000. Expensive property needed for medical assistance — like a wheelchair or special bed — is not counted, nor is property used in work for self-support (such as tools or machines).
- **Wedding and engagement rings**, regardless of value.
- **Life insurance policies** with a face value of no more than \$1,500 per policyholder.
- **Burial spaces and a funeral and burial fund** of up to \$1,500.

**14. Medicaid.** If your loved one qualifies for SSI, they will also probably qualify for Medicaid. If they do, they won't have to pay Medicare's monthly Part B premium, and they won't need to buy a separate Medicare Supplement insurance policy.

Every year millions of eligible low-income seniors do not sign up for Medicaid coverage. To find out if your loved one might be covered, call the state agency responsible for administering Medicaid in the state where your loved one lives.

Seniors with very low incomes might be eligible for Medicaid coverage along with their Medicare coverage. These "dually eligible" people can receive additional benefits beyond Medicare.

**15. Food Stamps.** The [Supplemental Nutrition Assistance Program](#) [SNAP] ([fns.usda.gov/snap/](https://fns.usda.gov/snap/)) is the new name for the federal Food Stamp Program administered by the U.S. Department of Agriculture's Food and Nutrition Service. If your loved one qualifies for SSI, they'll also probably qualify for food stamps. That will help stretch their food dollars each month.

To apply for benefits, or for information about the Supplemental Nutrition Assistance Program, contact your local SNAP office. You can find local offices and each State's application on [SNAP's national map](#) ([fns.usda.gov/snap/outreach/map.htm](https://fns.usda.gov/snap/outreach/map.htm)). Local offices are also listed in the State or local government pages of the telephone book. The office should be listed under "Food Stamps," "Social Services," "Human Services," "Public Assistance," or a similar title. You can also call your State's SNAP hotline number. Most are toll-free numbers.

Apply online? 41 States allow you to apply online. The following States do NOT:

Alaska  
Connecticut  
District of Columbia  
Hawaii

Mississippi  
Missouri  
North Carolina

Oklahoma  
South Dakota  
Wyoming

**16. Nutrition Services Incentive Program (NSIP).** The [National Services Incentive Program](https://fns.usda.gov/nsip/nutrition-services-incentive-program-nsip) (fns.usda.gov/nsip/nutrition-services-incentive-program-nsip) [formerly Nutrition Program for the Elderly or NPE] is a food program designed to help older people. It is run by the Department of Health and Human Services through the state agencies on aging. NPE is part of the Grants for State and Community Programs on Aging, which also authorizes in-home services for frail elderly people, support services and senior center operations. The nutrition services program provides elderly Americans with nutritious meals.

If you are age 60 or older, you are eligible for the program and so is your spouse, even if he or she is not 60 years old. Age is the only factor used to decide if you are eligible. You do not have to meet any income limits to get meals through the program.

Neighborhood centers for the elderly serve well-balanced, hot or cold meals at least once a day, five days a week. When possible, transportation is offered to and from the sites for those who need it. Home-delivered meals, usually called “Meals on Wheels,” are provided to elderly people who are homebound.

For more information about this program, contact your local Office on Aging or ask your local Social Security office.

**17. The Senior Farmers’ Market Nutrition Program.** The [Senior Farmers’ Market Nutrition Program](https://fns.usda.gov/wic/seniorfmnp/sfmnpmenu.htm) (fns.usda.gov/wic/seniorfmnp/sfmnpmenu.htm) provides low-income seniors (people who are at least 60 years old) with coupons during the harvest season that can be exchanged for eligible foods at farmers’ markets, roadside stands and community-supported agriculture programs.

For more information about these programs, contact your local office of the U.S. Department of Agriculture, social services, health, agriculture, or aging office.

**18. Reverse Mortgage.** This is a loan against the equity in a home. It provides tax-free cash to the homeowner. The proceeds from a reverse mortgage are available as a lump sum, fixed monthly payments for as long as your loved one lives in his or her home, a line of credit; or a combination of these options.

These proceeds can be used for what your loved one wants or needs while they still live in and own their home: daily living expenses; home repairs and home improvements; medical bills and prescription drugs; pay-off of existing debts; education; travel; long-term health care; retirement and estate tax planning; and any other needs your loved one may have.

However, it is not advisable to use reverse mortgage proceeds to make a financial investment since the costs of the loan may exceed the investment return. It is also inappropriate to use reverse mortgage proceeds to buy mutual funds, deferred or immediate annuities, fixed or variable annuities, and variable life insurance.

For some homeowners age 62 or older, a reverse mortgage can be a helpful financial tool. But, a reverse mortgage is not right for everyone. Your loved one's age, the value of their home, and their estate plans are among the factors that can help determine if a reverse mortgage will be advantageous to them. To be eligible for a reverse mortgage, all of the homeowners must be age 62 or older.

Funds from a reverse mortgage generally do not affect regular Social Security or Medicare benefits. However, needs-based benefits, such as Medicaid and Supplemental Security Income (SSI), may be impacted. Contact a tax professional about your particular situation.

***Repaying the loan.*** Unlike a home equity loan or traditional mortgage, with a reverse mortgage, there are no monthly payments. The loan becomes due when your loved one sells the home, moves out, vacates for a period of 12 months, or when all of the homeowners are deceased. At that time, the loan principal, interest charges, and any fees must be paid in full. This can be done by selling the property, refinancing through a conventional mortgage, or using other assets. The loan does not become due if just one of the co-borrowers passes away; the surviving borrower can continue to own and live in the home, and enjoy all the benefits of the reverse mortgage.

Reverse mortgages are non-recourse loans, which means that the property alone stands for the loan amount to be repaid. The lender may not seek repayment from the homeowner's income, other assets, or heirs. If you or your loved one chooses to repay the loan by selling the home, any sale proceeds in excess of the loan balance belong to you or your loved one. If you or your loved one sells the home for a fair market price that is less than the loan balance, there will be no proceeds to keep, but the bank cannot claim from you or your loved one more than the sale amount received.

***Your loved one's responsibilities.*** During the life of your loved one's reverse mortgage, he or she is still the owner of the home and is responsible for paying property taxes and homeowners insurance, as well as maintaining the property. They can use the proceeds from their reverse mortgage to pay these expenses if they choose. Failure to meet these responsibilities can result in them being required to repay the loan even if they still own and live in the home.

For more information, visit AARP's [Reverse Mortgage](https://www.aarp.org/money/credit-loans-debt/reverse_mortgages/) website ([aarp.org/money/credit-loans-debt/reverse\\_mortgages/](https://www.aarp.org/money/credit-loans-debt/reverse_mortgages/)).



**19. Accelerated or Living Benefits.** Some life insurance policies include an accelerated benefits or living benefits feature intended to help pay for care needed by the insured person, particularly if he or she is terminally ill. The amount of these benefits can range from 50% to 100% of the face value of the policy, depending on the terms of the policy.

Read the policy yourself, then call the insurance company directly, not the agent who sold the policy. The insurance company will explain whether these benefits apply to your specific situation and, if so, what you or your parent needs to do. (An insurance agent will probably not be familiar with the intricacies of the benefit as to how it would apply to your loved one.)

If an accelerated benefit or living benefit feature **DOES** apply in your loved one's situation, do **NOT** consider using the Life Settlement approach described in the next section. A life settlement will not produce as much cash as the accelerated or living benefit.

Important Note: Some annuity policies also contain an accelerated benefits or living benefits feature. Check it out. If your loved one's does, call the insurance company for more details.

**20. Life Settlements.** When they were younger, many seniors purchased life insurance policies as their situations in life changed — children were born, income (and lifestyle) increased, a business was started — to name just a few. After retirement, however, their life insurance needs have probably changed. In other words, they are still paying for life insurance that is no longer needed.

Until recently, a policy owner had few options when it came to life insurance they no longer needed, wanted or were able to afford. They could either surrender the policy back to the insurance company for the cash surrender value, or simply allow the policy to lapse and lose what they had paid into the policy over the years.

Instead of canceling the insurance just to save a few premium dollars, these “surplus” policies can be used to pay for in-home care, assisted living, or nursing home care that's needed now, preserving many of their primary assets as part of the family estate, or until it more convenient to sell. This option is called a Life Settlement. For many people, it has become a very valuable financial tool.

A life settlement is defined as a financial transaction in which someone who owns a life insurance policy that is no longer needed sells the policy to a third party (the funder) for more than the cash value offered by the life insurance company. The purchaser becomes the new owner and beneficiary of the policy, and is responsible for all subsequent premium payments. The seller has no further costs or obligations related to the insurance policy.

Life settlements have enabled policy owners to tap into their life insurance policy's potential liquid asset value. Life settlements are quickly growing into an invaluable financial planning tool for financial advisors, particularly in situations where their client's needs or circumstances have changed.

The general guidelines as to who constitutes a good life settlement candidate are:

- The insured must be at least 65 years old, although an insured 75 years of age or older is more attractive.
- A life insurance policy with a minimum face value of \$250,000, although a policy of \$1,000,000 or greater face value will generate more funder interest.
- Universal, variable, whole life along with convertible term and survivorship life insurance policies are attractive to funders with universal life being the most ideal type of life policy.
- Policies having a low premium to face value ratio.
- An insured with a life expectancy of greater than 2 years but less than 15 years.

Life Settlements are not complicated, with transactions usually completed in 60 to 90 days.

**21. Cash in a Life Insurance Policy.** If your loved one is uncomfortable with taking the life settlement approach, they can always cash in their life insurance policy. Be aware, however, that this will produce less money to pay for their care than would a life settlement. For more information, talk to the agent who sold the policy to your parent. If that is not possible, call the insurance company.

**22. Medicaid's Cash & Counseling program.** More than 50 million Americans provide unpaid care for a family member or friend either in that person's home or in your own. If you are one of them, you know first-hand that the time and energy burden can be huge.

Nearly 20 million of these family caregivers (more than 1 in 3 people) quit their job or cut back their work hours. In addition to the obvious loss of wages, caregivers also lose valuable health insurance and other job benefits, retirement savings, and Social Security benefits. If this has happened to you, it may be possible for you to get paid a small but regular amount for your caregiving work.

Here's how. If the person you're caring for is eligible for Medicaid, its Cash & Counseling program, available in some states, can provide direct payments that could go to you. A few other states have similar programs for low-income seniors, even if the person you're caring for doesn't quite qualify for Medicaid. The amount the senior

receives depends on a Medicaid assessment of need and the prevailing pay rate for in-home care aides in that state.

Cash & Counseling pays seniors directly to cover their in-home care. Seniors can then use the money to pay anyone of their choosing — including you or other family members — to provide care. They can also use some of the money to buy things for the home that would make life more comfortable, such as kitchen items, a new vacuum cleaner, safety equipment — even home modifications that help them live independently. Or they can use some of the money to pay for services such as cleaning, meal delivery, or transportation.

Cash & Counseling programs are currently in effect in the following states: Alabama, Arkansas, Florida, Illinois, Iowa, Kentucky, Michigan, Minnesota, New Jersey, New Mexico, Pennsylvania, Rhode Island, Vermont, Washington, and West Virginia. Other states have programs similar to Cash & Counseling, offering cash for in-home care to seniors who have little money but whose income or assets are slightly too high for them to qualify for Medicaid in that state.

For more information, visit [Cash & Counseling](http://bc.edu/schools/gssw/nrcpds/cash_and_counseling.html/about/index_html) (bc.edu/schools/gssw/nrcpds/cash\_and\_counseling.html/about/index\_html).

### IMPORTANT NOTE

If the person you're caring for is going to pay you for caregiving — from any source, including independent funds, the Cash & Counseling program, or long-term care insurance described in the next section — it's a good idea to draw up a simple contract that sets out the terms of the care and payment.

This simple, written personal care agreement (sometimes called a personal services contract) can help both you and your parent be clear about what you're supposed to be doing and when. It can also help avoid misunderstandings with other family members about who is providing what care and how much money is changing hands.

If your parent is receiving state assistance for in-home care, the agreement can prove to the state exactly where some of the money is going.

And, if your parent ever needs to enter a nursing home and wants Medicaid to pay for it, the agreement can show that these payments to you were legitimate, not just an attempt to "hide" funds in order to qualify for Medicaid.

A personal care agreement between you and your parent should include the following basic information:

- When the care will begin.
- What tasks you agree to perform. Be specific and thorough, but also include the phrase "or similar tasks to be mutually agreed upon by the parties." This gives you both some flexibility, so that you won't feel like you need to rewrite the agreement every time you change the tasks you'll perform.
- How often, and for how many hours, you'll provide this care.
- How much you'll be paid, plus how and when the payment will be made.

**Note:** If you have quit your job or reduced your hours to take care of your parent, the money you can be paid will probably not replace your loss of earnings. Instead, your compensation should be based on the average hourly rate local agencies would charge for the services you provide. Charges vary widely by geography.

The average national charge for **trained home health aides** is \$20/hour. They help patients get into and out of bed, bathe, dress, toilet and groom themselves; help with simple prescribed exercises; change nonsterile dressings, give massages and provide skin care; assist with braces and artificial limbs; and perform other duties that require hands-on care.

The average national charge for **homemaker/companion services** is \$19/hour. They perform services such as light housekeeping, laundry, meal preparation, shopping, accompanying clients to appointments, and other services that do not require hands-on care.

- If and how you are to be reimbursed for your out-of-pocket expenses for supplies and equipment that are directly related to caring for your parent.
- How long the agreement will stay in effect. This can be a set time, like six months or a year, after which you can both decide whether you want to make any changes. It may be simpler, though, to make the contract open-ended, described with a phrase such as, "This agreement shall remain in force until terminated in writing by either party." In that case, either you or your parent can end the arrangement at any time simply by writing a signed, dated note saying that the agreement is over, and giving the note to the other person.
- Finally, be sure to include a statement that the terms of the agreement can be changed only by mutual agreement, in writing, by both parties.

You can probably draw up the agreement yourself, without paying for a lawyer. A good model, along with clear, easy-to-follow explanations, is the *Elder Care Agreement* (Form 85) in the book *101 Law Forms for Personal Use* by Attorney Ralph Warner and Robin Leonard, J.D., available from Amazon.com. After you

have created a version of the agreement that both you and your parent are comfortable with, make several copies. You and your parent should both sign and date two copies, one for each of you.

You can change a personal care agreement at any time. To make a change, both you and your parent have to agree. If you both want to make a change, simply write a note explaining the change — more or less pay, more or fewer hours, different tasks — with both of you signing and dating the note, and attach it to the original contract. Or if you find that you both want a number of things to be different, you can draw up an entirely new agreement. If you do draft a new contract, include the phrase "This agreement supersedes all previous agreements between the parties having to do with personal care."

Finally, you must pay income taxes on the full amount you are paid for your caregiving services. Depending on how the contract is structured with your parent (employee versus independent contractor), Social Security and other payroll taxes may also need to be withheld.

**23. Long-Term Care Insurance.** Only a relatively small number of seniors have long-term care insurance. If the policy covers in-home care but they aren't yet collecting benefits, you can help them file a claim for benefits based on their care needs. If they qualify for monthly in-home care benefits and the policy pays the benefits directly to them, they can use that money to pay you.

**Remember:** You must follow the same rules outlined in the preceding **Important Note**.

**24. Income Tax Deductions.** You may be entitled to one or more Income Tax deductions if you provide more than half of your loved one's financial support.

- You can probably claim them as a dependent on your federal income tax return;
- You may be able to deduct some of their medical expenses; and
- You might qualify for a tax-deduction if your mother and/or father moves into your home, and you modify your home to accommodate them. If so, at least a portion of the expenses you incur for modifying your home COULD be deductible in the year you pay them.

See a qualified tax accountant for more details.

**25. Other Benefit Sources.** While these resources don't directly pay for care, the benefits they provide can free up other money that *can* be used for care.

**Utilities:**

**Federal Energy Assistance.** The federal Low Income Home Energy Assistance Program (LIHEAP) helps low-income households pay their winter heating bills and/or their summer cooling bills. Guidelines for eligibility, as well as what is and isn't covered, vary by state. Call 1-800-674-6327 for more information about applying for benefits.

**Utility Fuel Funds.** Many utility companies have established special funds to give loans or grants to low-income seniors and others who cannot pay their utility bills. Call your local utility for more information.

**Discounted Utility Rates.** Some electric, gas and water utilities have special discounted rates for low-income, elderly or disabled households. Ask your local utility company if they offer discounted rates for seniors.

**Vision:**

**Vision USA™** – [Vision USA](http://aoafoundation.org/vision-usa/) (aoafoundation.org/vision-usa/) helps low-income, uninsured people and their families by providing basic eye health and vision care services free of charge. If your loved one does not qualify for government aid or private health care assistance that covers the cost of routine eye or vision care, Vision USA can help. Vision USA provides basic eye health and vision care services free of charge to uninsured, low-income people and their families.

**New Eyes for the Needy.** Last year, New Eyes for the Needy provided new prescription eyeglasses to nearly 6,000 people in the United States. These people live in all parts of the country. They are children, the elderly, and the working poor who are desperately trying to make ends meet. Without the help of New Eyes, these people would have to choose between purchasing food, medicine, and clothes - or buying prescription eyeglasses at an average cost of \$250. Visit their [How to Apply for Assistance](http://www.new-eyes.org/us-voucher-program/) (http://www.new-eyes.org/us-voucher-program/) page.

**Hearing:**

**Audient Alliance.** [AUDIENT](http://audientalliance.org) (audientalliance.org) is a national nonprofit hearing care alliance of professionals, suppliers, and related groups. It provides quality hearing aids and related care for low-income hearing-impaired people throughout the United States at a significantly reduced cost.

**Hear Now.** [Hear Now Aid](http://www.starkeyhearingfoundation.org/hear-now.php) (http://www.starkeyhearingfoundation.org/hear-now.php) is a national non-profit program committed to assisting permanent U.S. residents who are deaf or hard-of-hearing and have limited financial resources.



## **Tax Preparation:**

**AARP-Tax Aide.** The [AARP Tax-Aide](http://aarp.org/money/taxes/aarp_taxaide/) (aarp.org/money/taxes/aarp\_taxaide/) is a free, confidential tax-preparation service available to AARP members at more than 7,000 locations across the country. The service is available from February 1 through April 15th each year, and offers free one-on-one counseling, as well as assistance on the telephone and internet to help members prepare basic tax forms, including the 1040, 1040A, 1040EZ and other standard schedules.

**26. Missing Money.** Last year, the IRS reported that 383,000 refund checks totaling \$266 million were returned by the Post Office as undeliverable, due to changes of name and/or address that have not been reported to the IRS. But, undeliverable refunds are only one small component of unclaimed assets held by the IRS. A significantly larger number of checks are delivered, but for one reason or another, still haven't been cashed. The total amount is more than \$8 Billion.

These are just 2 types of unclaimed money and other property that's worth hundreds of Billions of dollars. Others include: money in dormant savings and checking accounts, money and other contents of safe deposit boxes, unclaimed life insurance benefits, utility deposits, uncashed checks, stocks, bonds, dividends, unclaimed insurance refunds or claim payments, oil royalties, wages, etc., etc., etc. Here's where to start looking for unclaimed money.

- **Checking Accounts** — Go through your parents' bank records. Look at every check they wrote to see if it was for fees on an asset account or property taxes somewhere. That will lead you to the asset. Go through at least the last two years worth of checks, debits, and deposits. It is amazing what families often find. Remember, real estate records are public information. So, you can check by name in most counties.
- [MissingMoney.com](http://missingmoney.com) (missingmoney.com)— State governments working together to safeguard and return your lost funds, including:
  - Bank accounts and safe deposit box contents
  - Stocks, mutual funds, bonds, and dividends
  - Uncashed checks and wages
  - Insurance policies, CD's, trust funds
  - Utility deposits, escrow accounts
- [National Credit Union Association](http://www.ncua.gov/Resources/AM/Pages/UnclaimedDeposits.aspx) (http://www.ncua.gov/Resources/AM/Pages/UnclaimedDeposits.aspx) — Unclaimed funds.

- [Pensions — How to Find an Unclaimed Pension](http://search.pbgc.gov/mp/mp.aspx) (search.pbgc.gov/mp/mp.aspx).
- [Treasury Hunt](http://treasurydirect.gov/indiv/tools/tools_treasuryhunt.htm) (treasurydirect.gov/indiv/tools/tools\_treasuryhunt.htm) — Search the U.S. Treasury Department for missing Bills, Notes and Savings Bonds.
- [Unclaimed Money Search](http://unclaimedassets.com) (unclaimedassets.com) — Find unclaimed property, lost money, unclaimed funds, unclaimed assets and missing money. To be certain you don't miss anything, start with their [Unclaimed Money Checklist](http://unclaimedassets.com/checklist.htm) (unclaimedassets.com/checklist.htm).

Note: Not all missing money and property is in these databases; further searching may be necessary. For example, lost stock certificates may be held by the issuing company, or by its stock transfer agent.

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