



How to Advise Your Clients on Elder Planning

Jim Sullivan, CPA/PFS

Today's speaker

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Introduction

- Examples of billable projects in December 2018 and January 2019
- The “three E’s” of Medicare: eligibility, enrollment, entitlement
- First, a personal story

Eligibility

- Working past age 65
 - move to Medicare or stay in employer group health plan
- Similarly, spouse of worker age 65
 - move to Medicare or stay in employer group health plan
- Impact of disability on the decision
- Examples
 - Meride expensive prescription meds
 - Glen physician diagnosed with glaucoma
 - Mary plans to work well past 65 but subject to means tested Part B and Part D premiums

Enrollment

- Initial Enrollment Period (IEP)
 - “aging into Medicare” at age 65
- Special Enrollment Period (SEP)
 - presents best opportunity to plan to meet the coverage needs of a client
- General Enrollment Period (GEP)
 - I refer to as the “bottom feeder” of the enrollment periods
- Impact of failing to meet the IEP or qualify for a SEP
- Examples
 - Wanda, age 67, husband age 63 retiring, COBRA issue
 - Ted, turning age 65, mental health issues, prescription drugs, wife plans on continuing to work, coverage available from group health plan

Entitlement

- Planning opportunities and coverage adjustments as health needs change
- Annual Enrollment Period (AEP)
 - from October 15 through December 7 (AEP), but other SEPs are available during the year
- Examples
 - Ed loses his Part D coverage for 2019
 - Sale of Part D plan creates opportunity for Marilyn to recognize significant savings on her drug costs for 2019
 - Gary diagnosed with prostate cancer just after the AEP ends
 - Miriam and home health care
 - Marge's ET and MAPD coverage

Common examples of billable projects

- Working with client's parents or other family members (Deb's family)
- Analysis of life insurance policies accelerated death benefits provisions
- Financial analysis of alternative housing needs
- Survivor planning
- "Dementia proof" client's finances
- Analysis of long-term care insurance policies
- Reverse mortgages as source of funding
- Medicare claim denials
- Social Security and Social Security Disability Income (SSDI) questions arise often

The Lesson

- The practice is built on transitions and staying in regular contact with the client
- Transitions include
 - From relatively good health to physical and cognitive issues that accompany aging – the need for care can change slowly (AD) or very quickly (stroke)
 - From group health coverage to Medicare
 - The move from independent living to institutional care
- The opportunities to make changes to Medicare coverage to meet changing health care needs is often poorly understood
- Active planning is essential but rarely done
- Changing client expectations

Why has it become so complicated?

- The Normal Retirement Age (NRA) for Social Security benefits and the eligibility were decoupled
- More boomers are continuing to work beyond age 65
- While many employers have discontinued retiree health plans, may such plans still exist
- Add into the mix COBRA coverage, Medicaid eligibility and ACA coverage – and don't forget Medicare eligibility before age 65 if disabled
- Introduction of Medicare Part D (prescription drugs) a decade ago added another set of decisions
- The rise in the popularity of Medicare Advantage (MA) plans

Adding value

- Bias free expertise
- We already do much of the work
- CPAs are expert at simplifying and explaining complex topics to our clients
- Proactive planning is unconstrained by sales and marketing restrictions imposed by CMS and state insurance regulators
- A consultative approach considers the client's health care coverage needs in the context of their entire financial plan

Adding value

- The CPA is unconstrained by product limitations that impede insurance professionals
- CPAs are skilled at keeping on top of changes and guiding clients on how those changes impact planning
- The value to your practice includes strengthening your ties to the client

What are the challenges?

- Transition in several areas:
 - The physical and cognitive challenges of aging
 - Health care coverage
 - Health care delivery systems are all undergoing transitions

What are the challenges?

- The frailty challenge and the need for access to Long-Term Services and Support
 - Increasing complexity choosing from among several MA plans
 - Home health care and focus on staying in the community
- Medicare transitions
 - Coordinated care plans: Medicare Advantage, Accountable Care Organizations (ACOs), payment methods from fee for service to bundled payments and MA Value Based Insurance Design Model (VBID)
 - Legislative and regulatory changes beneficial to Medicare Advantage plans
 - Will traditional fee for service Medicare survive??
- Physician practice models – will clients look to us for guidance?
 - Concierge
 - Direct Primary Care

Case study - Overview

- Backstory
- The Care Budget
- The Care Balance Sheet
- Survivorship planning

Case study – The Care Budget

- The need for care impacts both the sources and amount of income and the types and amount of expenses

	Existing Cash Flows	Care Impacts	Care Budget
Income	<p>Determine current non-care income and expenses</p>	<ul style="list-style-type: none"> New sources? \$ changes in current? 	<p>Combine into the new care budget, differentiating care and non-care expenses and footnoting unpaid care received</p>
Expenses		<ul style="list-style-type: none"> New types? \$ changes in current? 	
Monthly surplus or deficit			

Case study

- Backstory
- The Care Budget
- The Care Balance Sheet
 - Paying for care expenses
 - Trigger LTC policy payments
 - Life insurance analysis
 - Source of meeting costs of care
 - Working with the HR department
- Survivorship planning

Resources – The new AICPA Guide

- *The Advisors Guide to Retirement and Elder Planning: Aging, Frailty & Chronic Care Transitions*
 - Part I Building the Care Budget and Timeline
 - Part II A Deeper Dive into Planning Issues
 - Part III Care Issues
 - Part IV Working with the Elderly
 - Part V Case Studies and Resources
- The need for expertise and credibility

Questions?

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February 13 1 – 2:45pm ET	How to advise your clients on elder care

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June 9-13, 2019	AICPA ENGAGE Advanced PFP Conference Advanced Estate Planning Conference Tax Strategies for the High Net Worth Individual
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