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Financial Planning for Alzheimer's Care

The financial impact of Alzheimer's disease in America is well known. Caring for the over 5 million Americans living with Alzheimer's costs a whopping \$203 billion dollars.

Age is the highest risk factor for Alzheimer's. Nearly 50% of people in their 80s develop Alzheimer's or some other form of dementia. Americans today develop Alzheimer's at the rate of one every 68 seconds. In 2050 the rate will be one every 33 seconds, and the cost of care will skyrocket to \$1.2 trillion.

These large and almost incomprehensible numbers do have consequences. Unless we find a cure or a way of preventing it, Alzheimer's will take a heavy toll on our health care and financial systems. But the impact will be most hardly felt on everyday American homes.

Today, 15.4 million people are already caregiving for a loved one with dementia. One in 3 seniors dies with Alzheimer's or another dementia. The cost of care for seniors with dementia is on average *3 times higher* than for seniors without dementia.

Are you prepared for the impact?

When we plan for retirement we envision time spent with our families, traveling to places we've always wanted to visit, maybe more time spent doing our favorite hobby. We do not think of long-term care as part of retirement planning.

However, the numbers indicate that most families will be affected by dementia in one form or another. Should this be the case for your family, do you know what is the lowest and the highest levels of care



that might be needed? Have you planned for financial resources that could pay for that range of care? Do you know how long you need to plan for?

Most families today are caught off guard when it comes to the extra expenses associated with dementia care. Some of the costs to consider include personal care and safety items, home modifications, prescriptions drugs, adult day services, in-home care, custodial care or assisted living and nursing home care. Costs for in-home care may add up to \$16,000 per month and according to the MetLife Mature Market Study, assisted living for dementia patients costs nationally an average of \$4,762 per month.

Costs related to long-term care for dementia patients are mostly out-of-pocket. Public programs only pay for selected costs.

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Caregiver Tips Money Matters

-  Don't put off talking about finances and future care wishes.
-  Organize and review important documents.
-  Get help from well-qualified financial and legal advisers.
-  Estimate possible costs for the entire disease process.
-  Look at all of your insurance options.
-  Work-related salary/benefits and personal property should be considered as potential income.
-  Find out for which government programs you are eligible.
-  Learn about income tax breaks for which you may qualify.
-  Explore financial assistance you can personally provide.
-  Take advantage of low-cost and free community services.

Medicare, the Federally-administered insurance program, can pay for hospitalizations, doctor's visits and prescription drugs. Medicaid (Medi-Cal in California) is a State-administered assistance program that can cover medical costs for qualifying, low-income patients. Neither program covers assisted living costs, which is a necessity for most dementia patients as they progress through the stages of the disease. Dementia patients may need assisted living care for 2 to 6 years on average.

Paying for care with personal resources could include income from employment, retirement plans, saving and assets, and reverse mortgages. Long-term care insurance can be a good way to protect your assets, however, when purchasing a long-term care policy make sure to ask if Alzheimer's disease is covered, when can the person with dementia begin to collect benefits, how long will benefits be paid and what kinds of care will the policy cover.

Talk with your financial advisor about planning for possible long-term care needs now, before your family needs it, even as you hope you will never need it. Receiving an Alzheimer's diagnosis can be devastating news to most families. But coming at the same time to the realization that your loved one with Alzheimer's will not be able to afford the best quality of care is also demoralizing.

Do not wait for a diagnosis to start



planning. As in anything related to Alzheimer's and dementia, the best way to approach it is to plan ahead. Should your family be ever faced with the challenges of dementia care, foresight will make it a much easier journey for all involved. And the peace of mind brought by knowing your family is financially prepared will make those fun retirement activities even more enjoyable.

*Written by Luciana Cramer, Care Specialist
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Care Options

To learn about care options in your area, contact your local Alzheimer's Association office or visit the Alzheimer's Association Caregiver Center at alz.org/carecenter. There you will find a set of online tools and services that will help you coordinate and plan to pay for care.

A financial adviser can help design a plan that's unique to the person's financial needs, both immediate and long-term.



Learn more about the financial impact of Alzheimer's:

Read the 2013 report of the Alzheimer's Association, Facts and Figures. It can be downloaded at: alz.org/alzheimers_disease_facts_and_figures.asp