

Elder Care

By Dr. Jim McCabe

Risk Management and Eldercare Issues

Now that the holiday season is in the rear view mirror, many of you are scheduling visits to chat with your clients about the successes of 2007 and the challenges ahead in the new year. I am betting that some of those conversations will center on events that transpired over the holidays like a special family get together, a unique gift, or recovering from poor judgment on spending issues. In addition, you are probably hearing concerns about health and eldercare issues. Now that the holidays are over, and families have gone back to business as usual, an older client confesses that he cannot ignore the problems with trying to manage living at home any longer. Or that it is time to be proactive about getting help for a frail spouse. Younger clients are thinking out loud about the shock and dismay of seeing how badly mom has failed since the last time there was a family gathering. And since no one has dared to express their concerns out loud, they are bordering on crisis mode.

Age and Risk

During a recent presentation to a group of estate planners, I asked the audience to tell me what was the most common occurrence that led to losing a client. The reason cited most often was when a family member stepped in to take over the management of the estate and moved the assets to his own planner. What, I wondered aloud, would cause a family member to intervene in this situation. The reasons were numerous: a health crisis, issues related to incompetence, or death of a spouse. My next question asked whether the planners had ever met their clients' children. In many cases they had not. In some cases, people commented that they had never even met the client's spouse because the client did not feel it was necessary for the spouse to be involved in the planning.



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Our long-term clients are both a blessing and a challenge. On one side, some of them decided long ago that you are the best of the best and never question anything you do in the way of estate planning. At the same time, you may have conditioned your clients to think of you as a financial advisor only and therefore uninterested in other issues like health care and eldercare. As our clients age, their ability to maintain an active lifestyle decreases significantly: Twenty-one percent of people over 65 no longer drive.¹ Forty percent of people 85 and over have some cognitive limits.² Falls account for fifty percent of all injury deaths.³ For many clients, these events are an inevitable part of the aging process. And as people experience more of these events, they become less mobile, more isolated. Our job is to work with them on an estate plan that is more than a financial safety net to prepare them for the stage in their lives when health and personal needs dominate their agenda and must be addressed.

Family history, communication patterns and individual personalities all provide valuable information about how to manage client issues.

Managing Risk in the Estate Plan

It is critical that our clients see us as a general resource when the personal and environmental challenges impinge on their world. As these folks age, health and personal safety and quality of life issues will most certainly need to be addressed. Most of us have been trained that one of the first steps when working with new clients is to get a sense of their awareness of and tolerance for risk. Some clients are willing to take a chance that nothing bad will happen to them and will resist your advice. Others are inclined to overdo the planning. I think of my client, Betsy, who was fully capable of self-insuring against catastrophic health care costs, but elected to purchase a long-term care insurance policy for her own “peace of mind.”

Typically resistance from a client comes because I have not built enough credibility to gain the client’s trust in a particular area of concern. As a result of not having built a good case for taking action, the client will opt for putting off making a decision based upon a fear of making a wrong decision. In order to build credibility, two steps

are required. First, give your client the data he needs to justify taking action. Secondly, engage other “experts” that illustrate your ability to get him the expertise he needs even though the issue of concern (health care; home safety) is outside of your realm of expertise.

I am usually successful at moving a client out of the “no decision” mode when I am able to illustrate the risks of not making a decision. But this can be a slow and painful process. Short of a crisis occurring, this

step can be a test of your patience and commitment to your client, especially when the client does not see the connection between the issue and your role as his planner.

Also, you should not assume that your client will insist on having family members involved in the discussion. Many of my older clients want to avoid involving their adult children in these sorts of discussions because they do not want to burden their children or they do not want relatives privy to some of their daily health and personal struggles or financial affairs. Unfortunately, the product of that resistance is that you have no opportunity to meet and interact with other family members. So if an event occurs and an adult child steps in, you have no prior relationship with them and are not seen as part of the solution. In addition, as you get to know other family members, it is easier to develop a deeper awareness of factors that impact how clients make decisions. Family history, communication patterns and individual personalities all provide valuable information about how to manage client issues.

Building Awareness

There are a number of steps you can take as a planner to minimize the risks for your clients and increase his perception of your value as a resource to him and his extended family.

- Include “personal risk management” in the planning discussion:
 - How does a client see his health status?
 - Are there problems with mobility or risk of falls?
 - Is he managing estate management decisions efficiently?

- Have a home safety assessment done?
 - Is the home safe?
 - Are there safety features in the kitchen and bathroom?
 - Do stairs present a hazard?
- Make the family aware of your role?
 - Is your client's spouse included in the process?
 - Have you been introduced to other relatives?
 - Do other family members see you as an ally?
- Develop an interdisciplinary team of colleagues that are prepared to address multiple areas of risk.
 - Health—who are the appropriate health care providers?
 - Long-term care—what are the care options for frail elderly?
 - Funding—what are the tools for paying for long-term care?
 - Legal—does your client need an elder law attorney?
- Eldercare services—what are they called and how do you find them?

A Final Thought

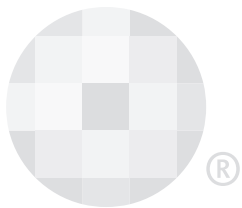
Effective risk management is not limited to putting a plan in place to address the needs and concerns of our clients. It also involves creating a relationship where we are recognized as a crucial part of the problem solving process whether it is for financial, health, or personal issues. Unless we advocate with our clients and their families to utilize us in that role, we risk losing clients at a time when they need us the most.

ENDNOTES

¹ Independent Planners Group, *Long-Term Care Toolbox*, 2007. www.ipg-us.com.

² Alzheimer's Association, *What is Alzheimer's?* 2006. www.alz.org.

³ National Safety Council, *Falls Pose a Serious Threat to the Elderly*, 2005. www.nsc.org.



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