

# When a Loved One Is Diagnosed With Alzheimer's

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*A diagnosis of Alzheimer's disease or dementia can be devastating both emotionally and financially. In this month's Wealth Management Insights, we look at some financial considerations you should keep in mind as you plan for care.*

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## What you should know:

Caring for someone with Alzheimer's disease or dementia can carry not only a heavy emotional toll, but a financial one as well. While total costs will vary widely depending on where you live, a range of \$200,000 to \$750,000 or more is not uncommon – making it imperative you put a plan together as early as possible.

### Project Your Future Needs

The needs of someone living with Alzheimer's will vary, depending on age, lifestyle and the severity of the disease. Try to map out your loved one's needs now and going forward. What is the least amount of care you might require? What is the most? What financial resources do you have that could pay for this range of care? How much more might you need in the future?

### Evaluate Your Current Sources of Revenue

Consider all your possibilities, including employment income, money saved in a pension or 401(k) and any investments. If you have long term care insurance, check to see if Alzheimer's is covered and the specifics of the coverage (e.g., when can you collect benefits and if there is a maximum lifetime payout). Note that you may not be able to purchase a new LTC insurance policy once symptoms appear.

### Take Advantage of Possible Tax Deductions

You might qualify for federal tax deductions for certain expenses related to care, such as personal care items, home improvements, in-home care and nursing services. Typically these deductions are available only if your loved one has been certified ▶

as chronically ill within the last year. Forty-one states also provide some form of state tax relief for Alzheimer's care, such as deductions for LTC expenses and premiums plus tax credits for in-home and dependent care.

### **Look for Local Sources of Care**

Your community might also have sources of support. Some local programs will offer in-home companions who help with hobbies or provide medical care. Adult daycare facilities can also deliver medical care and socialization during the week. The Older Americans Act of 1965 has authorized funds for such services as transportation, caregiver support, health screenings and more for those age 60 or older – visit [eldercare.gov](http://eldercare.gov) for services near you.

### **Understand What Medicare Does and Doesn't Cover**

Medicare pays for some aspects of Alzheimer's care, such as home health care (Part A), lab tests

(Part B) and prescription drugs (Part D). However, Medicare does not pay for long-term nursing home care or custodial care, which often is the greatest expense in treating Alzheimer's. Medicaid covers custodial care, but coverage and thresholds for eligibility will vary by state. If you or your loved one served in the military, you might also be eligible for certain VA benefits.

### **What you should do now:**

With all the factors you need to consider, the smartest course of action is to act thoughtfully but quickly – before the disease worsens and your loved one loses cognitive function. Your **Baird Financial Advisor** can help you implement a forward-looking financial plan that is right for you and your family. ■