



Robin G Smith Consulting

Insurance Advice and Advocacy for Seniors

www.robingsmith.com

robin.g.smith@att.net

phone/fax 888-363-3914

Robin Smith is the owner of Robin G Smith Consulting, an insurance advocacy company dealing with the life and health insurance needs of seniors. She is a licensed life and health insurance and life settlement broker. She specializes in filing claims and appeals for long term care and health insurance denials, and counsels seniors on how to get the maximum benefits out of the assets they already have.

Since this is a website and “production” educating folks on the finer points of downsizing, I’m going to write about an aspect of downsizing that is widely overlooked, and which, **if overlooked**, can be VERY expensive, especially when the adult children are coming in to downsize their elderly loved ones things.

Do you know if your parent has long term care insurance? Don’t laugh. I have filed a claim for a client who didn’t realize her demented mother (who at that time required 24 hour care) had a policy. The only reason she found out is because the insurer sent her mother a letter about a coming rate increase. So while you are downsizing, go through your loved one’s unopened mail. If there is a letter in the unopened mail from an insurance company – **open it!** Insurers have special laws that apply to them when a senior has forgotten to pay premiums for long term care insurance due to dementia. Typically, the insurer will reinstate a long term care policy for non-payment of premium any time within six months. Don’t let a policy that could pay a lot toward future care be cancelled because you didn’t know the premium wasn’t being paid!

And while we’re on the subject of long term care insurance . . . If you have an existing long term care policy, and can afford to keep paying your current premiums, **do not downsize the policy!** Many of the older long term care policies that were sold are very feature rich (think “life time benefits”) and are no longer being sold. Representatives or agents from the company may call you and offer a plan with lower premiums. These also have MUCH, MUCH lower benefits. Do not change your policy until you consult with a financial planner, attorney, or another agent about how the new policy being offered stacks up to the old one. Chances are, if you can afford it, they will counsel you to stay with the plan you have.

Do you know if your loved one has life insurance? You know those old boxes that you think are just filled with old papers? The ones that have been collecting dust in the basement for years? Well, **go through them.** Tedious? Yes. But it could be very, very profitable. If a senior bought a life insurance policy many years ago, they may have paid it off years ago, but the cash value of the policy is still there. So go through all old paperwork to check for insurance policies, annuities, and securities (stock brokerage accounts).

Go through all recent checking account statements from all banks. One way to find out whether there is a current life insurance, annuity, or long term care insurance policy in force is to monitor checking account statements for automated deductions. These may be premiums that are automatically deducted for life insurance, annuities, long term care insurance, or supplemental health benefits. Since the original paperwork for these policies may be long gone, the premium deductions may be the only way you have to track down the policies the senior may have in force. (**Addendum to this rule: If the senior gets a pension check, look at the stub for all deductions; these policy premiums can also be coming out of their monthly pension check!**)

Do not cancel in force life insurance policies, even if the senior is still paying a premium, or if the policy has no cash value! Say you find the life insurance policy. Your parent is still paying a premium, but doesn't see the point of keeping it, or can't afford the cost of the premium any more. **Do not let it lapse!** There are a variety of ways to get value out of that policy, especially if the senior is moving into assisted living or a nursing home. If it is a small policy that has cash value, up to \$15,000 can be transferred via 1035 exchange into an irrevocable funeral trust that is Medicaid exempt, tax free, and has no look back period. Larger policies can be "settled" in a variety of ways to help pay for long term care expenses. Always check first with a professional (i.e., like me) before you decide to just stop paying for a policy that's still in force. **There is potential value in ALL life insurance policies!**

So you've found the life insurance policies, now what? (Part Two) First of all, people originally buy policies for many reasons – they have minor children, they have a business, they got a divorce, and having a policy was required in the settlement, etc. Circumstances change over time (as you know, since you're downsizing). **Always check to see who the beneficiary is on the policy!!** If you must request original policy documents from the insurance company, do so. Make sure the beneficiary on the policy is the person(s) the policy holder really wants the money to go to. If the evil ex-wife, or the good-for-nothing druggie ex-felon son, or the drunk husband, or the business partner from 20 years ago is named on the policy as the beneficiary, that's where the money has to go **by law** upon the death of the insured. No wiggle room, no mitigating circumstances. So make sure the person (or entity) the insured wants the money to go to is the beneficiary named on the policy.

Check on health insurance benefits: get the most bang for your buck. Fewer and fewer retirees are on employer sponsored health plans. Both government and private former employers are cutting back on the health benefits, requiring retirees to pay more and more of the expense. Like everything else in life, what was once a great deal may now be an expensive rip off. **Check every year** to make sure you have the least expensive health coverage (for those over 65 – the coverage that supplements Medicare) that gives you the best and most cost effective coverage for your newly downsized lifestyle. Are you a snowbird or world traveler? Never leave your own town? Do you take a lot of prescription drugs? No prescription drugs? Have a complex chronic illness? Never been sick a day in your life? Have lots of money? You're poor and on Medicare and Medicaid? Everybody is different, and there are choices for health plans that make the most sense coverage wise and financially for everyone. Always ask!

So you are downsizing from your large home into a smaller condo. The sale has left you with cash. You don't have long term care insurance and would like to protect some of your money to leave to the kids, or to pay for long term care expenses if you need it. Can you do this? Yes! The insurance world has evolved to come up with products that meet all of the unique needs of seniors. Special life insurance (if you are healthy) and annuity (if you are not) plans have been developed which protect your money (i.e., it stays your money) allow you to pass it to your kids when you die, or, if you need it for long term care, you can get up to 6 times the money you put in paid out as long term care benefits. Plans are available for folks up to 85! Again, you should find out if there is a plan that meets all of your needs.

Robin Smith can be reached at robin.g.smith@att.net or by calling 888-363-3914. All initial evaluations are free. On Twitter @robingsmith or on the web www.robingsmith.com.



www.daretodownsize.weebly.com

Randy Veraguas, Creative Producer

781-635-5414 or Randy.Veraguas@hotmail.com