



Financial Planning at the End of Life

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A hand holding a pen writing on a checklist on a grid background. The checklist has several items with checkboxes, some of which are marked. The background is a light blue color with a grid pattern.

Overview

- Communication
- Working With Ill Clients
- Financial Concerns
- Case Studies

Communication

Questions To Ask



When you get that first call...

- This is big. How are you handling it?
- What are the treatment plans?
- How can I help?

- 1 Tell me more
- 2 Listen

Address Concerns



**What concerns
do you have where I
can assist you?**

- Validate the concerns the client has already shared
- Plant seeds about your concerns

Financial Concerns - Triage



Client

- Finances To Pay for Care
- Decimating Family Finances
- Managing Affairs As Illness Progresses and After Death

Planner

- Meeting Cashflow Needs
- Tax Planning
- Estate Cleanup

Other

- Advance Directive Issues
- Ethical Wills
- Funeral Preparations



Plug Early Palliative Care

- Multidisciplinary care focused on symptom/suffering relief and improving quality of life.
- Used in various chronic diseases, cancer at all stages, curable or not.
- Hospice \leq 6-12 months prognosis

Multidisciplinary Care

- 1 Physical
- 2 Emotional
- 3 Spiritual
- 4 Social



The Speech

- Illness affects people in many ways
- Come up with a plan that addresses:
 - The cured patient
 - The patient who is not cured
- Preparation for any outcome does not reduce risk of cure

A hand holding a pen writing on a checklist on a grid-lined notebook. The checklist has several items with checkboxes, some of which are marked. The background is a light blue gradient.

How To Start

- Start as soon as possible
- Start with important things first
- The sick brain works differently

Working with Ill Clients

A blue-tinted photograph of two elderly men sitting at a wooden table outdoors, playing chess. The man on the left is wearing a dark cap and a light shirt, looking towards the right. The man on the right is wearing a light cap and a light shirt, looking down at the chessboard. Chess pieces are visible on the board. The background shows other people and a car, suggesting a park or community center setting.

How Does a Sick Brain Work?

- Fixation & Rumination
- Personality Magnification
- Depression
- Chemo Brain
- Illness Spreading to the Brain



Symptoms of a Sick Brain

- Short Attention Span
- Trouble Focusing
- Trouble Concentrating
- Disorganized
- Verbal and Visual Memory Loss
 - Can't remember details of conversations or what was read
- Word-Finding Difficulties
- Can't Multitask
- Mental Fuzziness
- Mental Fatigue
- Emotionally Labile
- Distanced
- Depression
- Anxiety
- Frustration
- Fixation
- Anger
- Lashing Out



Working With a Client With a Sick Brain

- Early Meetings
 - Meet earlier in the day
- Bring Someone With
 - Have client bring someone with them – another brain
- Keep Meetings Simple, Focused, and Short
- Repeat Details
- Provide Written Materials
 - Keep it simple
- Frequent Comfort Breaks
- Project Calm, Quiet, and Soft Voice
- Limit Interruptions
- Limit Distractions
- Be Aware
 - If your client is fading physically or mentally, it's time to end the meeting

Financial Concerns: Cashflow



Cashflow

Review Net Worth Statement With Client

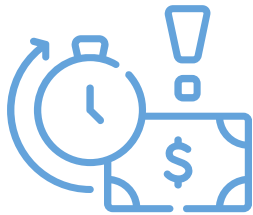
- 1 Assets & Titling
- 2 Liabilities & Titling
- 3 Beneficiaries



Who Is Paying the Bills Now and in the Future?

- Are they capable? If not, educate
- Start by sharing duties
- Make sure the surrogate can log into all accounts
 - Two-factor authentication issues
- Have someone looking in early
- Authorizations in place for transfer of responsibility

Cashflow



Automatic
Payments



Use of a
Client Portal



Cancel Services
No Longer Used



Cashflow Needs

- Regular life plus medical life
 - Understand required medical expenses
 - Help client understand their medical mindset
 - Your Medical Mind – Groopman and Hartzband
 - Minimizer versus maximizer
- Keep future cashflow needs in mind as treatment progresses

Cashflow Resources: Income

- Work brings a sense of control
- Continued benefits
- Open enrollment – what can be updated?
 - Short-term disability
 - Paying for long-term disability
 - Supplemental policies
- Social support



Cashflow Resources: Retirement Plans

IRA Accounts

- Secure 2.0 - Illness expected to result in death within seven years – no 10% penalty
- Can be repaid within three years
- Certification from physician is required including a narrative of the evidence



Cashflow Resources: Retirement Plans

IRA Accounts

- Unreimbursed expenses above 7.5% AGI
 - Don't have to itemize
- Unemployed and drawing benefits
 - Can use for insurance premiums



Cashflow Resources: Retirement Plans

401(k) / 403(b) / 457 Plans

- Employer decision – must be in plan document
- Secure 2.0 – illness ending in death within seven years
- If not allowed, employee can file Form 5329



Cashflow Resources: Insurance

Disability Insurance / LTC Insurance

- Apply early

Life Insurance Policies

- Accelerated death benefit rider
- Withdrawals of cash value
- Surrender paid-up additions
- Loans
- Tap the beneficiary



Cashflow Resources: Annuities

- Look at beneficiary tax rate versus client tax rate
- Pay attention to death benefit before cashing out
- Surrender fees usually waived




Cashflow Resources: Social Security

- Compassionate allowances
ssa.gov/compassionateallowances/conditions.htm

The screenshot shows the top of the Social Security Administration website. At the top, there is a blue navigation bar with the Social Security logo on the left and search, menu, languages, and sign in/up options on the right. Below this is a white header area with the text "Compassionate Allowances Conditions". The main content area is divided into two columns. The left column is titled "CAL Conditions" and features a list of conditions with a blue alphabetical index (A-Z) above them. The conditions listed include Acute Leukemia, Adrenal Cancer - with distant metastases or inoperable, unresectable or recurrent, Adult Non-Hodgkin Lymphoma, Adult Onset Huntington Disease, Aicardi-Goutieres Syndrome, and Alexander Disease (ALX) - Neonatal and Infantile. The right column is titled "Compassionate Allowances Links" and contains a list of links: Home, List of Compassionate Allowances Conditions, Submit the Name of a Condition For Consideration, and CAL Outreach & Hearings. Below this is a section titled "Related Links" with links for Definition of Disability and How You Apply for Disability Benefits. A large, faint "K" logo is visible in the bottom right corner of the page.

▲ Coronavirus (COVID-19) Updates ▲

 Social Security

SEARCH MENU LANGUAGES SIGN IN/UP

Compassionate Allowances Conditions

CAL Conditions

[A](#) [B](#) [C](#) [D](#) [E](#) [F](#) [G](#) [H](#) [I](#) [J](#) [K](#) [L](#) [M](#) [N](#) [O](#) [P](#) [Q](#) [R](#) [S](#) [T](#) [U](#) [V](#) [W](#) [X](#) [Y](#) [Z](#)

[Acute Leukemia](#)

[Adrenal Cancer - with distant metastases or inoperable, unresectable or recurrent](#)

[Adult Non-Hodgkin Lymphoma](#)

[Adult Onset Huntington Disease](#)

[Aicardi-Goutieres Syndrome](#)

[Alexander Disease \(ALX\) - Neonatal and Infantile](#)

Compassionate Allowances Links

- [Home](#)
- [List of Compassionate Allowances Conditions](#)
- [Submit the Name of a Condition For Consideration](#)
- [CAL Outreach & Hearings](#)

Related Links

- [Definition of Disability](#)
- [How You Apply for Disability Benefits](#)

Financial Concerns: Insurance

Financial Concerns: Insurance



Make
claims
early!

Health

- Copays, deductibles max out-of-pocket
- Create spreadsheet to track expenses
- Revisit plan during open enrollment period

Disability

Social Security

Long-Term Care



Financial Concerns: Tax Planning

Financial Concerns: Tax Planning

Mileage

Lodging

- \$50 per person up to two people

Nursing Care

Pharmacy Records

Keep
up with
medical
expenses!

Remember
the rest of
the family!



Financial Concerns: Tax Planning

- Generate income to offset deductions
 - Retirement Plan Distributions
 - Roth Conversions
- Take capital losses to reduce income
- If death is imminent, consider offsetting big losses with gains to free up cash for beneficiary distributions



Financial Concerns: Tax Planning

Put low basis or unknown basis assets in individual name with TOD designation (common law states)

- Gets step-up at death if client lives a year
- Create a trust if less than a year likely



Financial Concerns: Tax Planning

Comingle individual assets in community property states to achieve a full step-up in basis

- Gets step-up at death if donor spouse dies at any time and half step-up if donee spouse dies within a year
- Create a trust if less than a year likely



Financial Concerns: Investment Planning

Financial Concerns: Investment Planning

- Deposit old stock certificates or stocks held at holding companies into a brokerage account
- Remove client from UTMA/UGMA/529
- Consider cashing out savings bonds
 - Pain in the rear after death, even with TOD



Financial Concerns: Investment Planning

Revisit Investment Policy Statement

- Have cashflow needs changed?
- Who are you investing for now?



Financial Concerns: Estate Planning

Financial Concerns: Estate Planning

Review Documents

- Are wishes conveyed correctly?
 - Spell out exactly what beneficiaries will receive
- Are all interested parties alive and well?
- Verify beneficiary designations and titling of all assets



Financial Concerns: Estate Planning

Estate Cleanup

- Understand state probate laws
- Consolidate and simplify assets



Financial Concerns: Estate Planning

Financial & Medical Power of Attorney

- Are forms accepted by institutions?
- Is the designated person willing and able to step in?
- Will the designated person honor health care wishes?



Financial Concerns: Estate Planning

Personal Items

- Big fight

Funeral Arrangement

- The other big fight



Case Studies



For Everyone (Yearly)

- Update net worth statement
- Check titles and beneficiaries
- Review estate planning wishes
- “Death Cleaning”



76-Year-Old w/Pulmonary Fibrosis

Assets

- Good pension and social security
- Large IRA
- Land owned with brother and sister
- Two leased farms
- Homestead



76-Year-Old w/Pulmonary Fibrosis

At Initial Diagnosis

- Sold land owned with brother and sister
- Sold farms to cousin who farmed them using land contracts
- Set up estate
 - IRA to various people
 - One land contract to brother and sister each
 - Left homestead to his sister



76-Year-Old w/Pulmonary Fibrosis

As Disease Progressed

- Made LTC claim as soon as he qualified
- Sat down with client and his sister to go over bills
 - Two-factor authentication
- Put sister on checking and savings account as joint owner (was TOD beneficiary)
- Did partial IRA distribution to pay taxes
 - Used half-year estimate for income



76-Year-Old w/Pulmonary Fibrosis

When death was imminent

- Did remainder of RMD IRA distribution



72-Year-Old w/Glioblastoma

Immediately

- Revisited net worth statement
 - Discovered new savings account without beneficiary
 - Consolidated checking and savings accounts
- Made sure daughter could pay bills
- Reviewed personal effects letter
- Arranged and paid for funeral
- Moved homestead to her living trust



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