


# FINANCIAL PLANNING AT THE END OF LIFE

Carolyn McClanahan, M.D., CFP®

Twitter @CarolynMcC



# OVERVIEW

- ▶ Communication
  - ▶ Working with ill clients
  - ▶ Financial concerns
  - ▶ Case studies
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted upwards from left to right, located in the bottom right corner of the slide.

**COMMUNICATION**




# WHEN YOU GET THAT FIRST CALL

- ▶ Tell me more
- ▶ Listen




# QUESTIONS TO ASK

- ▶ This is big. How are you handling it?
  - ▶ What are the treatment plans?
  - ▶ How can I help?
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted upwards from left to right, located in the bottom right corner of the slide.


# 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
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted upwards from left to right, located in the bottom right corner of the slide.

# FINANCIAL CONCERNS - TRIAGE

## ▶ Client concerns

- Finances to pay for care
  - Decimating family finances
  - Managing affairs as illness progresses and after death
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted diagonally from the bottom right towards the top right, set against a blue gradient background.



# FINANCIAL CONCERNS - TRIAGE

- ▶ Planner concerns
  - Meeting cash flow needs
  - Tax planning
  - Estate clean up




# FINANCIAL CONCERNS - TRIAGE

## ▶ Other items


- Advance directive issues
- Ethical wills
- Funeral preparations




# PLUG EARLY PALLIATIVE CARE

- ▶ Multidisciplinary care (physical, emotional, spiritual, social) focused on symptom/suffering relief and improving quality of life.
  - ▶ Used in various chronic diseases, cancer at all stages, curable or not.
  - ▶ Hospice--< 6-12 months prognosis
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted diagonally from the bottom right towards the top right, set against the blue background.

# 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 decorative graphic consisting of several parallel white lines of varying lengths, slanted upwards from left to right, located in the bottom right corner of the slide.


# HOW TO START

- ▶ Start as soon as possible
  - ▶ Start with important things first
  - ▶ The sick brain works differently
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted upwards from left to right, located in the bottom right corner of the slide.


# WORKING WITH ILL CLIENTS



# HOW DOES A SICK BRAIN WORK?


- ▶ Fixation and rumination
  - ▶ Personality magnification
  - ▶ Depression
  - ▶ Chemo brain
  - ▶ Illness spreading to the brain
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted diagonally from the bottom right towards the top right, set against a blue background.

# SYMPTOMS OF A SICK BRAIN


- ▶ Short attention span, trouble focusing, concentrating, disorganized
  - ▶ Can't remember details of conversations, what's read (verbal and visual memory)
  - ▶ Word finding difficulties
  - ▶ Can't multi-task
- 
- A decorative graphic consisting of several parallel white lines of varying lengths and thicknesses, slanted diagonally from the bottom right towards the top right, set against a blue gradient background.




# SYMPTOMS OF A SICK BRAIN

- ▶ Mental fuzziness
  - ▶ Mental fatigue
  - ▶ Emotionally labile, often distanced
  - ▶ Depression, anxiety, frustration, fixation, anger—may lash out at you
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted upwards from left to right, located in the bottom right corner of the slide.

# WORKING WITH A CLIENT WITH A SICK BRAIN

- ▶ Meet earlier in the day
  - ▶ Have client bring someone with them—another brain
  - ▶ Keep meeting simple, focused, short
  - ▶ Repeat details
  - ▶ Provide written materials—keep it simple
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted diagonally from the bottom right towards the top right, set against the blue background.

# WORKING WITH A CLIENT WITH A SICK BRAIN


- ▶ Frequent comfort breaks
  - ▶ Project calm, quiet, soft voice
  - ▶ Limit interruptions, distractions
  - ▶ Be aware of your client, if fading physically or mentally---time to end the meeting
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted diagonally from the bottom right towards the top right, set against a blue gradient background.

# FINANCIAL CONCERNS


Cash Flow



# CASH FLOW

- ▶ Review Net Worth Statement with Client
    - Assets and titling
    - Liabilities and titling
    - Beneficiaries
- 

# CASH FLOW

- ▶ Who is paying the bills now and in the future?
    - Are they capable? If not, educate
    - Start with 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
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted diagonally from the bottom right towards the top right, set against the blue background.

# CASH FLOW

- ▶ Automatic payments
  - ▶ Use of a client portal
  - ▶ Cancel services no longer used
- 

# CASH FLOW NEEDS

- ▶ Determine cash flow 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 cash flow needs in mind as treatment progresses



# CASH FLOW 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
- 
- A decorative graphic consisting of several parallel white lines of varying lengths and orientations, located in the bottom right corner of the slide.

# CASH FLOW RESOURCES

## ▶ Retirement plans

- IRA accounts


- Total and permanent disability - Cannot work for at least a year or illness results in death
- Unreimbursed expenses above 7.5% AGI
  - Don't have to itemize
- Unemployed and drawing benefits
  - Can use for insurance premiums

# CASH FLOW RESOURCES

## ▶ Retirement plans


- 401k/403b plans
    - Employer decision
  - 457 plans
    - Employer decision
    - Need must be for listed unforeseeable emergencies
- 

# CASH FLOW RESOURCES

- ▶ 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
- 

# CASH FLOW RESOURCES

## ▶ Annuities

- Look at beneficiary tax rate versus client tax rate
  - Pay attention to death benefit before cashing out
  - Surrender fees usually waived
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted upwards from left to right, located in the bottom right corner of the slide.

# CASH FLOW RESOURCES

- ▶ Social security – compassionate allowances
  - <http://www.ssa.gov/compassionateallowances/conditions.htm>


# FINANCIAL CONCERNS

Insurance



# INSURANCE

## ▶ Health

- Copays, deductibles, max out of pocket
  - Create spreadsheet to track expenses
  - Revisit plan during open enrollment period
- 
- A decorative graphic consisting of several parallel white lines of varying lengths and orientations, located in the bottom right corner of the slide.



# INSURANCE

- ▶ Disability
- ▶ Social Security
- ▶ Long Term Care

MAKE CLAIMS EARLY


A decorative graphic consisting of several parallel white lines of varying lengths, slanted upwards from left to right, located in the bottom right corner of the slide.

# FINANCIAL CONCERNS


Tax/Investment Planning




# TAX PLANNING

- ▶ Keep up with medical expenses
    - Mileage
    - Lodging - \$50 per person up to two people
    - Nursing care
    - Pharmacy records
    - Remember the rest of the family!!
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted upwards from left to right, located in the bottom right corner of the slide.

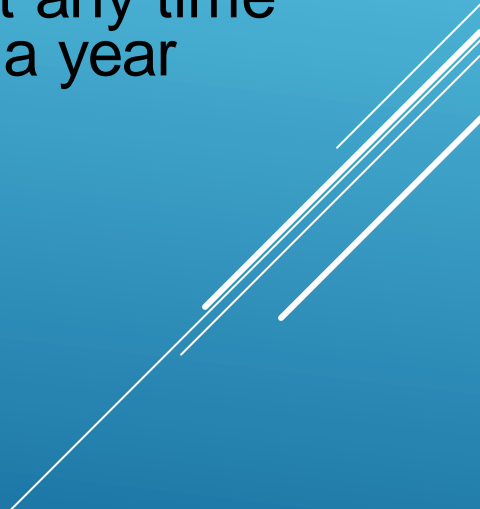
# TAX PLANNING

- ▶ 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
- 


# 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
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted upwards from left to right, located in the bottom right corner of the slide.

# 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
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted upwards from left to right, located in the bottom right corner of the slide.

# 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
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted upwards from left to right, located in the bottom right corner of the slide.

# INVESTMENT PLANNING

- ▶ Revisit investment policy statement
    - Have cash flow needs changed?
    - Who are you investing for now?
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted upwards from left to right, located in the bottom right corner of the slide.




# FINANCIAL CONCERNS

Estate Planning



# 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
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted diagonally from the bottom right towards the top right, set against a blue gradient background.


# ESTATE PLANNING

## ▶ Estate Clean Up

- Understand state probate laws
  - Consolidate and simplify assets
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted upwards from left to right, located in the bottom right corner of the slide.

# ESTATE PLANNING

## ▶ Financial and 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?
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted upwards from left to right, located in the bottom right corner of the slide.

# ESTATE PLANNING

## ▶ Advance Directives

- Focus on quality of life desired and not treatments
- PREPARE for your care advance directive covers legal and qualitative wishes
  - [Prepareforyourcare.org](http://Prepareforyourcare.org)

# ESTATE PLANNING

## ▶ Ethical Wills

- Barry Baines
- Susan Turnbull
- Eric Weiner

▶ <https://www.livingwisely.org/individuals>

A decorative graphic consisting of several parallel white lines of varying lengths, slanted upwards from left to right, located in the bottom right corner of the slide.

# ESTATE PLANNING

- ▶ Personal items
  - Big fight
- ▶ Funeral arrangements
  - The other big fight




# CASE STUDIES






# FOR EVERYONE YEARLY

- ▶ **Update net worth statement**
  - ▶ **Check titles and beneficiaries**
  - ▶ **Review estate planning wishes**
  - ▶ **“Death Cleaning”**
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted upwards from left to right, located in the bottom right corner of the slide.


# 76 Y/O WITH PULMONARY FIBROSIS

## ▶ Assets

- Good pensions and social security
  - Large IRA
  - Land owned with brother and sister
  - Two leased farms
  - Homestead
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted upwards from left to right, located in the bottom right corner of the slide.

# 76 Y/O WITH 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 Y/O WITH 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 Y/O WITH PULMONARY FIBROSIS


- ▶ **When death was imminent**

- **Did remainder of RMD IRA distribution**



# 72 Y/O GLIOBLASTOMA

## ► Immediately

- Revisited net worth statement
    - Discovered new savings account w/o 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
- 

# QUESTIONS?

Carolyn@carolynmcclanahan.com

Twitter @CarolynMcC  
Life Planning Partners, Inc.

A decorative graphic consisting of several parallel white lines of varying lengths, slanted diagonally from the bottom right towards the top right, set against a blue gradient background.