**Don't Let End-of-Life Healthcare Costs Drain the Value of Your Estate**

Senior Estate Planner, Angela Wagner, J.D., discusses the importance of establishing an end-of-life healthcare plan to protect the value of your legacy.

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**Health Care and Nursing Costs**

Today, Americans are paying more out-of-pocket healthcare expenses than ever before. End-of-life care, the care a terminally ill person receives during the advanced stages of illness, can be extremely expensive, reducing the value of your legacy you leave behind. To put it into perspective, an estimated one-quarter of traditional Medicare spending for healthcare services is spent on services provided to Medicare recipients for end-of-life care.¹

Major expenses can be incurred at this stage of life by failing to express preferences on the type of care wanted, or more importantly, not wanted as end-of-life approaches. Research has found, for example, that most adults surveyed (90%) say they would prefer to receive end-of-life care in their own homes if suffering from terminal illness, yet data shows that only about one-third of Medicare beneficiaries (age 65 and older) actually died at home.²

Given the tremendous costs of end-of-life care, it is often desirable and advantageous to buy long-term care insurance in one form or another. Traditional long-term care insurance provides for a maximum daily benefit, usually after an exclusionary period, to be used for nursing home or in-home nursing care, under circumstances where certain activities of daily life can no longer be done alone. One feature of this type of insurance that is extremely important to evaluate is the ability to build in an inflation rider so that the benefit paid for does not decrease over time. It is also possible to purchase either an annuity product or life insurance policy that may be accessed if long-term care becomes necessary at some point.

It’s imperative to be thorough in your planning or you may end up in a place you don’t want to be or receiving treatment you would not choose if you were able. However, some sound planning prior to reaching this stage can help significantly reduce out-of-pocket, end-of-life costs. Here are some actions you can take to reduce these costs and their impact on your estate.

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**Documents to Consider to Protect Your Wishes Later in Life**

One of the best tools in end-of-life planning is a living will, also called a medical directive or advance care directive. This document serves to instruct your family and caregivers as to which types of treatment you would prefer not to have, as well as those you would. An advance directive only becomes effective if and when you become incapacitated and cannot make decisions for yourself, no matter what age. An advance care directive can be a stand-alone document, or oftentimes, can be incorporated into a health care power of attorney (also known as a durable power of attorney for health care).

A durable power of attorney for health care gives your named representative, or agent, the legal ability to step into your place to make decisions on your behalf, should you become unable to do so because of illness or incapacity. These documents usually

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**About Angela Wagner, JD**

Vice President/Senior Estate Planner

Angela Wagner is an attorney who concentrates on estate and financial planning and currently serves as a Senior Estate Planner with Janney’s High Net Worth Planning Group, part of the Firm’s Wealth Planning Department. Her responsibilities include conducting branch visits to meet with Financial Advisors and their clients, designing estate and financial plans, and conducting client meetings to present estate and financial plans. Ms. Wagner also serves as the Firm’s internal expert, fielding tax, estate and financial planning questions from Janney’s Financial Advisors. Prior to her current position, Ms. Wagner served in private practice, with a concentration in tax and estate planning, trust planning and administration, as well as personal and corporate income tax preparation. Ms. Wagner also served as Director of Tax and Estate Planning for Bolton Capital Corporation and worked with law firms such as Laverty, Muth, & Reed, P.C. and Gollatz Griffin & Ewing P.C. Recently, Ms. Wagner was appointed to the Planned Giving Advisory Board for The Catholic University of America in Washington, D.C. and has become active in the Wills for Heroes program, supplying estate planning documents for first responders. Ms. Wagner is licensed to practice in Pennsylvania and holds her undergraduate degree from Drexel University and law degree from Widener University School of Law. She is an active member of both the Pennsylvania and Chester County Bar Associations.

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have two parts. One part takes effect immediately after signing, and gives your agent the ability to access your health records under the HIPAA provisions under the law. The second part only goes into effect if you become unable to make decisions, and allows your agent to make all health-related decisions on your behalf. The document will usually include instructions for your agent, although it’s always best to communicate these wishes directly to your agent prior to any need for action. This document will require many decisions to be made, including whether to donate organs for life-saving purposes, as well as whether to donate to medical research.

A “Do Not Resuscitate Order” (DNR) tells your medical professionals that, in case of a permanent, irreversible state of unconsciousness, no heroic measures to bring you back to life should be attempted. Depending on the state in which you live, a DNR may need to be updated more frequently than your living will or health care power of attorney would.

Finally, a durable general power of attorney should be signed, giving your agent (either the same person as the health care power of attorney, or another individual(s)) the ability to make legal decisions as well as handle all financial transactions for you, should you become unable to act for yourself. The choice of agent is very important, as this should be someone you feel comfortable sharing all of your financial information with.

In the absence of having a signed health care power of attorney, as well as a durable general power of attorney, your family may need to have a guardian appointed in order to do things such as make health care decisions (including end of life choices), pay your bills (including medical bills), file your tax returns, and make investment decisions. Having a guardian appointed takes time, and can be expensive during a stressful time.

**Funeral Planning**

Many individuals are now taking the step to pre-plan and pre-pay for their own funeral expenses. In addition to knowing that the funds will be available and ear-marked for your funeral, this type of planning may get as detailed as choice of flowers and music, as well as choice of venue for services and reception for your family. Pre-planning in this manner will allow your family to move through the process with minimal stress and less pressure to make financial decisions that may not coincide with your wishes.

Your Janney Financial Advisor and our supporting team of experts are always ready to help you to make the decisions that are in the best interests of you and your family.

1. Gerald F. Riley and James D. Lubitz, "Long-Term Trends in Medicare Payments in the Last Year of Life," Health Serv Res 2010;45 (2): 565-76; Christopher Hogan et al., "Medicare Beneficiaries’ Costs of Care In The Last Year of Life," Health Aff (Millwood) 2001;20(4):188-95.