



HELP[®] Is Here

a nonprofit education and counseling center for older adults and families

2008 Number 2
\$5.00 U.S.

Navigate the Maze



There's a confusing maze of government income, health and care programs for seniors out there. Here's a quick guide to eight of them:

Monthly Income Programs

Social Security Retirement (SSR): SSR is a program for seniors funded by the federal government. Eligibility to receive SSR is based on one's work history, while the amount received as monthly benefits reflects past earnings. Right now, the earliest age to retire is 62. Some people who start receiving benefits at their age of full retirement can receive monthly SSR of up to a maximum of \$2,185, regardless of their marital status. However, the average monthly benefit now received by single people is \$1,079, and by married couples is \$1,761. For further information on eligibility requirements and monthly benefits amounts see ssa.gov.

Social Security Disability (SSD): SSD is another federal program based on one's work history and earnings. It's available to workers who, although younger than retirement age, are now **disabled**. A disabled person has a physical or mental **impairment** that is expected to last at least 12 months, or to result in death, and keeps them from performing **substantial gainful activity**. For more information on SSD benefits see socialsecurity.gov/disability.

Supplemental Security Income (SSI): SSI provides monthly income to people with low incomes who are blind, disabled or over the age of 65. In 2008, California's single adults may receive monthly SSI up to \$870, while couples may receive up to \$1,525. To be eligible for SSI, a single person cannot have more than \$2,000, and a couple cannot have more than \$3,000, in **countable assets**. For more information on SSI's eligibility requirements, see dss.cahwnet.gov, and type "SSI Eligibility" in the search box.

see *The Maze* on page 6

The Quick List

- Social Security Retirement
- Social Security Disability
- Supplemental Security Income
- Medicare
- Medi-Cal
- Nursing Home Medi-Cal
- In-Home Supportive Services
- Veterans Aid & Attendance Pension

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H.E.L.P. (Healthcare and Elder Law Programs Corporation) is a nationally recognized, private, 501(c)(3) non-profit education and counseling center providing impartial information to older adults and their families on elder care, law, finances and consumer protection.

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Celebrating Success at H.E.L.P.

by Helen Dennis

I am delighted to provide you with some very good news about what's going on at H.E.L.P.

First, we have hired two outstanding professionals who, although very experienced and knowledgeable, are honored to be mentored by Pat and Ed Long.



Helene A. Park, MSG, H.E.L.P.'s new Director of Community Services, received her graduate degree in gerontology from USC, and has had extensive work history in program planning, community resources, case management and staff supervision.

H.E.L.P.'s new Director of Legal Programs, Esther Epstein, Esq., EMPH, has spent most of her career as a public interest attorney, with specializations in family law, government benefits and health care.

Both Esther and Helene have joined H.E.L.P. to further expand their similar career goals of ensuring the availability of necessary support services for senior adults and their caretaker families.

Next, Timothy J. Gray has taken charge as H.E.L.P.'s Operations Manager. Tim, who received his B.A. in psychology from California Polytechnic University of California at Pomona, received the promotion in recognition of his outstanding work history at H.E.L.P.

And now for our coming attractions: Save the date for H.E.L.P.'s Celebrate Summer event at The Redondo Beach Historical Library on July 18, 2008. The theme is *Some Enchanted Evening*. We will be featuring three outstanding honorees: Toyota Motor Sales USA, Inc., The Scriba Family and Rod Burkley.

Finally, the issues facing senior adults and their families continue to expand. H.E.L.P.'s counseling and educational programs, written materials and website all are directed to ensure that older adults and their families will have a future of safety, stability and dignity.

To each of you, thank you for your continued interest, involvement and support. We look forward to seeing you at *Some Enchanted Evening* - July 18th!

Helen Dennis, a specialist on aging, employment and retirement, chairs the H.E.L.P. Board of Directors

H.E.L.P. Classes:**Life Planning for Grown-Ups**

Concerned about your future or about an older family member or friend? Want to learn and plan ahead in a safe environment?

Our popular classes cover powers of attorney, probate and avoiding it, wills and trusts, capital gains and estate taxes, types of care, care costs, long-term care insurance, Medi-Cal for nursing home care, and much more. Upcoming classes are shown below.



Our classes make complex topics understandable.

Life Planning classes are free, donations are invited.

You can find out where and when other classes have been scheduled by calling (310) 533-1996 or by checking help4srs.org for information.

What**Estate and Incapacity Planning**

What's a Power of Attorney? Will a Financial Power of Attorney help me? What the heck is HIPAA? How can my family avoid a Schiavo tragedy? No will - no trust - then what? Should I add my kids to my home deed? Should I avoid probate? Do I need a Living Trust? What is the capital gains residence exclusion? How can I minimize estate taxes? What does my A/B Trust mean?

Care Planning and Options

How can we get care at home, in assisted living, nursing homes? How much will my care cost? What are the differences among kinds of care? What is Hospice? Should I buy Long-Term Care Insurance? Can I afford to? Can you self-insure? Will Medi-Cal take our home? Will Medi-Cal pay for dad's care? How will the new Medi-Cal rules impact my mom?

When**June**

17th and 24th
9:30 to 11:45 a.m.

July

1st

July

8th, 15th and 22th
9:30 to 11:45 a.m.

Where

J.H. Hull Adult Center
2080 West 231st Street, Room 2
Torrance, CA 90501
Call (310) 533-1996 for reservations

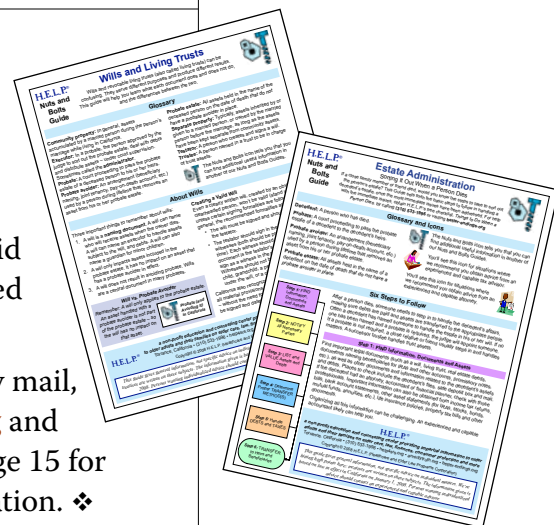
H.E.L.P. Nuts and Bolts Guide

See pages 9 through 12 of this issue for the *Powers of Attorney for Finances* – a plain-paper version of our newest Nuts and Bolts Guide. This guide will help you make sure that your finances will be handled properly if you become incapacitated.

Our guides will help you learn the essentials of wills and trusts, probate, avoiding probate, estate administration,

capital gains, estate and real property taxes, the Medi-Cal program and more. These laminated guides provide solid and concise information based on law in effect in California.










The guides are available by mail, at our classes, at help4srs.org and at the H.E.L.P. Office. See page 15 for pricing and ordering information. ❖





Day-in and day-out we provide information and referrals on valuable community services. Listed below are those on our most active list. The symbols are explained at the bottom.

	Adult Protective Services After Hours - Elder Abuse Hotline	(888) 202-4248 (877) 477-3646
   	ADVANTAGE (Torrance Memorial Medical Center)	(310) 517-4666
 	Alzheimer's Association	(800) 272-3900
	Area Agency on Aging	(800) 510-2020
  	Beach Cities Health District	(310) 374-3426 ext. 149
 	Bet Tzedek Legal Services	(323) 939-0506
	California Association for Adult Day Services	(916) 552-7400
  	CANHR (California Advocates for Nursing Home Reform)	(800) 474-1116
 	Cancer Information Service	(800) 422-6237
	Dispute Resolution Service (L.A. County Bar)	(213) 896-6533
	FOCAL Point (Torrance)	(310) 320-1300
   	H.E.L.P.	(310) 533-1996
	Health Insurance Counseling (Center for Health Care Rights)	(800) 824-0780
	Homeownership Preservation Foundation (foreclosure assistance)	(888) 995-4673
  	Little Company of Mary Solutions Center	(800) 618-6659
	Long-Term Care Ombudsman	(800) 334-9473 (562) 925-7104
	Los Angeles Caregiver Resource Center	(800) 540-4442
 	Independence at Home (Katie Campbell)	(562) 637-7116
 	National Hospice Organization	(800) 658-8898
 	Redondo Beach Senior and Family Services	(310) 318-0650
	Senior Legal Hotline	(800) 222-1753
	Social Security	(800) 772-1213
	South Bay Bar Association Attorney Referral Service	(310) 787-9184
  	South Bay Senior Services	(310) 325-2141
  	Stroke Association of Southern California	(310) 575-1699
  	Wellness Community - South Bay (cancer support)	(310) 376-3550

 Elder abuse reporting	 Information and referral	 Legal matters
 Health or medical	 In-home social services	 Nursing home problems
 Adult day care	 Support or listening	 Financial or insurance

Back to Work!

Question: *I was born in 1941, and recently started receiving Social Security. I have been thinking about going back to work. Will returning to work hurt my benefits?*

Answer: Since you did not start receiving Social Security until your full retirement age, you may earn as much as you want, and your benefits will remain the same. At one time, people's benefits were reduced if they had started receiving Social Security before they were 70 years old, returned to work and earned in excess of a defined amount. However, the law has changed. Once you have waited until your full retirement age, you can return to work and continue to receive your full monthly benefits.

Not everyone reaches full retirement at the same age. See the accompanying chart that shows the ages necessary, depending on birth dates. For some people the age is now 66 years old. People born in 1960 cannot draw full benefits until they are 67. The most important thing to remember is that, right now, as long as you have chosen to start your benefits after reaching your

full retirement age, you can go back to work, and your benefits will not change.

Full Retirement Age	
Year of Birth	Age
1937 (and before)	65 years
1938	65 years, 2 months
1939	65 years, 4 months
1940	65 years, 6 months
1941	65 years, 8 months
1942	65 years, 10 months
1943-1954	66 years
1955	66 years 2 months
1956	66 years, 4 months
1957	66 years, 6 months
1958	66 years, 8 months
1959	66 years, 10 months
1960 (and after)	67 years

Current law allows people to retire when they turn 62. If they choose to

see *Back to Work* on page 6



To learn more on the impact of receiving Social Security and returning to work, go to ssa.gov, and put "10069" in the search box.

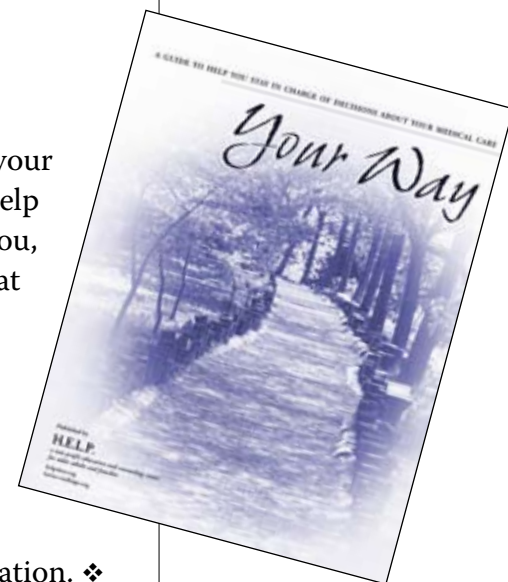
New and Improved *Your Way* Now Available

The third edition of our popular *Your Way* guide is now available. Like its predecessors, it will help you think about what's important to you; what kind of medical care you want or don't want; and what kind of life you want to live, even when it may be coming to an end.

Your Way will help you communicate in advance with your family and friends so that, if they ever have to make

medical care decisions for you, your voice will be heard. It will also help you choose who will speak for you, and help them know exactly what you want them to say.

Thanks to a generous grant from The Ahmanson Foundation, we can send two free copies of *Your Way* to any household in the United States. See page 15 for ordering information. ❖



The Maze

Continued from page 1

Health and Care Programs

Medicare: Medicare is the national health program that covers seniors aged 65 and older, and people with disabilities. Seniors who do not have 40 or more quarters of Medicare-covered employment, but are otherwise eligible, may enroll by paying monthly premiums. Those who are younger than 65, but have been receiving SSD for 24 months or longer, are also covered by Medicare. For more detailed information, go to medicare.gov, and type in “Medicare & You” in the search box.

Medi-Cal: Medi-Cal, California’s version of the federal Medicaid program covers health care for low-income families, seniors and people with disabilities. Those who qualify for SSI automatically qualify for Medi-Cal. It is also available to low-income seniors whose countable assets are not more than \$2,000 for a single person and \$3,000 for a married couple. Medi-Cal will impose a deductible or **share of costs** for monthly earnings that exceed \$600 for

a single person, and \$934 for a couple, reduced with credit for payment of health insurance premiums. For more information see Medi-Cal’s website at dhs.ca.gov/mcs.

Nursing Home Medi-Cal: For Medi-Cal to cover nursing home care, the limit on countable assets for a single person remains at \$2,000. Where a husband and wife are both receiving long term care, their asset limit increases to \$4,000. A more generous asset limit applies for married couples where one spouse requires nursing home care, and the other – the **community spouse** – remains at home or in assisted living. Although the spouse in need of long-term care may not have countable assets exceeding \$2,000, the community spouse’s countable assets may be as high as \$104,400, or even more. For more detailed information see H.E.L.P.’s *Nuts & Bolts Guide: Medi-Cal for Nursing Home Care*.

In-Home Supportive Services (IHSS): California’s IHSS program assists low-income seniors and others in avoiding nursing

home care by providing hourly reimbursements for personal care, meal preparation, laundry, grocery shopping, housecleaning and transportation to medical appointments. The countable asset limits are \$2,000 for a single person and \$3,000 for a couple. For more detailed information, go to the California’s Department of Social Services website at cdss.ca.gov, and type “IHSS Consumer Handbook” in the search box.

Veterans Aid & Attendance (A&A) Pension: The A&A pension provides coverage for at-home as well as at assisted living and nursing home facilities for veterans and their surviving spouses. Physical criteria are met when a physician confirms that regular assistance in eating, bathing, dressing and other personal care is needed. Care in an assisted living facility also qualifies. The A&A pension can provide up to \$1,554 per month to a veteran, \$998 per month to a surviving spouse, or \$1,842 per month to a couple. For more information see veteranaid.org/program.php. ❖

Back to Work

Continued from page 5

do this, however, they end up receiving monthly benefits at what is called a “permanently reduced rate.” This means that people who retire early receive a smaller payment each month. If they return to work, they will only continue to receive the same

benefit rate if they do not earn over a proscribed amount. This year the limit is \$13,600, but the amount has often changed. If they do earn more than that year’s limit, Social Security will take out \$1 for every \$2 earned. Even with that, however, returning to work

means that they will have more money each month.

So – getting back to your question – go for it! ❖



Each year in the United States millions suffer from illnesses or injuries that leave them incapacitated. This means that they must rely on others to handle their financial and care matters. By doing **advance incapacity planning**, individuals can both choose and give direction to those who will assist them in case of incapacity.

Overview and Glossary

The two main legal tools used in incapacity planning are financial powers of attorney and advance health care directives. This guide focuses on financial powers of attorney. For advanced health care directives, see our *Health Care Powers of Attorney Nuts and Bolt Guide*.

Financial powers of attorney come with different titles, such as a General Power of Attorney, a Power of Attorney for Asset and Property Management and (the title we'll use in this guide), a **Durable Power of Attorney for Financial Matters (DPAFM)**.

The person who signs a DPAFM is called the **Principal**. A person chosen to act on behalf of the Principal is called an **Agent**.

A DPAFM can be either immediate or springing. An **immediate DPAFM** becomes effective as soon as it is signed, and provides the Agent with immediate power over the Principal's finances.

A **springing DPAFM** becomes effective on the happening of a specified future event (such as the Principal becoming incapacitated).

Recent changes in health information privacy laws have made it more difficult to obtain incapacity determinations from doctors, so many attorneys today write DPAFM incapacity tests so they do not depend on a doctor's letter or determination.

Durable Powers of Attorney for Financial Matters

A DPAFM is a legal document that allows you – the Principal – to stay in charge of your finances by naming one or more Agents to handle financial matters for you. For example, an Agent can:

- Manage your real property.
- Take charge of your bank accounts, retirement accounts and insurance policies.
- Pay your bills.

Preparing a DPAFM

There are three basic types of DPAFM documents:

- Pre-printed and software forms.
- Attorney-drafted DPAFMs
- A statutory form, based on Section 4128 of the Probate Code.

The usability and quality of pre-printed and software forms varies. Because of problems we see when people have created DPAFMs on their own, and the

potentially great negative impact when a DPAFM is defective or inadequate, we suggest using a DPAFM prepared by an experienced and capable estate planning or elder law attorney – who can both follow all legal requirements and tailor the document to the Principal's situation and wishes.

Legal Requirements

For a DPAFM to be valid, the Principal must have signing capacity at the time of signing. **Signing capacity** means that the Principal is clearheaded enough to understand the nature and impact of the DPAFM and to communicate about it in some fashion.



The DPAFM must be signed, dated and properly witnessed (or notarized). To be properly witnessed, the DPAFM must be witnessed by at least two adults. An Agent may not serve as a witness. Where real property is involved, use the notarization approach.

Bank Powers of Attorney

For bank accounts, consider signing your bank's financial power of attorney form, in addition to your broader DPAFM. The bank forms will apply to specified accounts within the same bank. Practically speaking, many banks are easier for Agents to deal with when the Principal has used the bank's form of financial power of attorney.

Durability

A durable power of attorney is one that will remain in effect even after the Principal becomes incapacitated. To be durable, the document must contain the words:

- "This power of attorney shall not be affected by subsequent incapacity of the principal."
- "This power of attorney shall become effective upon the incapacity of the principal."

or words showing a similar intent.



Staleness

Financial institutions and other third parties are often hesitant and unwilling to accept DPAFMs that were signed so long ago that they have become "stale." Although "staleness" is not based on the law, for practical reasons we recommend that (where possible) DPAFMs be updated every three years.

Selecting Agents

The Principal should name an individual as primary Agent and, if possible, a second and a third individual to serve as successor Agents in the event the prior Agents are unavailable.

Carefully select each Agent. Key factors to consider include:

- Most importantly, an Agent must be trustworthy.
- An Agent should have good financial skills.
- An Agent should be available when needed.
- An Agent must be 18 years of age or older and clearheaded.

Co-Agents are Agents named in a DPAFM to act together. Avoid naming Co-Agents – problems arise if Co-Agents are unable to agree or if one is not readily available.

Agent Duties

An Agent's job is to protect the Principal's interests. An Agent must:

- Act solely in the interests of the Principal, and avoid conflicts of interest.
- Keep the Principal's assets separate and distinct from any other property owned or controlled by the Agent.
- Deal with the Principal's assets prudently – the way a careful and sensitive person would deal with the assets of another. An Agent who has special skills or expertise must observe an even higher standard of care applicable to persons with those special skills or expertise.
- To the extent reasonably practicable, keep in regular contact with and communicate with the Principal, and follow the Principal's instructions.
- Keep records of transactions made on the Principal's behalf and, if requested, provide the Principal with an accounting of transactions.
- Complete any transaction the Agent has begun on the Principal's behalf.
- Not disobey the Principal's instructions without first obtaining court approval.

Agent Powers – General

A DPAFM can be general or limited. A **general** DPAFM gives the Agent broad powers to act on the Principal's behalf; a **limited** DPAFM grants the Agent the power to act only in certain circumstances or for a certain period of time.

A DPAFM gives the Agent the right to deal with assets owned by the Principal at the time the power of attorney becomes effective, and (unless the DPAFM

Asset Management

Asset management depends upon how title to the assets is held. Even if a person has a revocable living trust, a DPAFM may still be important in managing assets if the person becomes incapacitated.

Assets owned by a revocable living trust are managed by the trustee or successor trustee. Each trustee's responsibility is to follow the trust language.

Assets that are not owned by a revocable living trust are managed by the owner (and co-owners, if any). Assets not owned by a revocable living trust could also be managed by an Agent under an effective DPAFM. Each Agent's duty is to look out for the owner's best interests and to follow the DPAFM's language.

provides otherwise) with assets the Principal acquires in the future.

However, even though a DPAFM may state that it gives all necessary powers, there are certain acts that an Agent may not take unless they are explicitly authorized in the DPAFM (see **Special Powers** below).

Special Powers

Unless specifically stated in the DPAFM, an Agent does not have authority to:

- Make gifts of the Principal's assets to others.
- Make gifts of the Principal's assets to the Agent.
- Make loans of the Principal's assets to the Agent.
- Create, amend or revoke the Principal's living trust.
- Use the Principal's property to fund a trust not created by the Principal.
- Make a disclaimer on behalf of the Principal.
- Create or change survivorship interests in the Principal's property
- Designate beneficiaries to receive any property, benefits, or contract rights on the Principal's death.



Agent Rights

In general, a person chosen by the Principal is not required to take on the role of Agent under the DPAFM. Further, an Agent may agree to act on the Principal's behalf in some transactions, but refuse to act in others.

An Agent is entitled to receive **reasonable compensation** for services performed on the Principal's behalf and reimbursement for reasonable expenses. In many cases where Agents are family members or friends of the Principal, Agents are not compensated. A Principal who wants the Agent to be paid should state this in the DPAFM, and may wish to define what is reasonable compensation.

Personal Care Decisions

The Principal may also give the Agent authority to make personal care decisions on the Principal's behalf. These include decisions regarding living

arrangements, hiring household employees, providing transportation and meals, handling mail and arranging recreation and entertainment.

The authority to make personal care decisions may be included in a DPAFM, a power of attorney for health care, or in another power of attorney.

DPAFMs and Medi-Cal

A DPAFM can be important in helping a Principal qualify for public benefits such as Medi-Cal. In addition, for married couples a DPAFM may be especially important if one spouse requires nursing home care and assets need to be transferred to the other spouse in order to qualify for Medi-Cal benefits.

When Does a DPAFM End?

A DPAFM terminates when the Principal dies. A DPAFM may also set forth a specific ending date. A DPAFM can also be revoked.

Revoking an Agent's Authority

As long as the Principal has signing capacity, the Principal can revoke the DPAFM by a written document or by any other means stated in the DPAFM.

In practice, however, a **DPAFM may be difficult to revoke** – an added reason to make sure any agent is trustworthy. Written notice of the revocation should be given to all third parties who have received copies of the DPAFM. The original and all copies should also be retrieved from the Agent. The revocation should also be recorded with the County Recorder where the original document was recorded and where the Principal owns real property.

If the Principal's marriage to an Agent is dissolved or annulled, the designation of the former spouse as Agent is automatically revoked.

Coordinate with PAHC

Where the Principal's finances are managed under a DPAFM, care decisions being made by the Agent under a power of attorney for health care can have financial consequences. If the Agents under the two separate powers of attorney are not the same person, problems can arise. The two documents need to be coordinated and language should be included in both stating which Agent's decisions would take priority.

What Happens Without a DPAFM?

*If a person is incapacitated and does not have a valid DPAFM in place, other steps may need to be taken to handle that person's finances. A court-ordered conservatorship may be necessary – to give another person legal authority to manage the incapacitated person's financial affairs (see **Conservatorship Basics**).*

Conservatorship Basics

If a person becomes incapacitated without having prepared a power of attorney for health care (PAHC) or a durable power of attorney for financial matters (DPAFM), a **conservatorship** may be needed. In a conservatorship, the court appoints a **conservator** to take charge of the incapacitated person's – the **conservatee's** – personal needs, financial matters, or both.

In a **conservatorship of the person**, the court determines that the conservatee does not have the sufficient capacity to care for personal needs, physical health, food, clothing or shelter. In a **conservatorship of the estate** the court determines that the conservatee does not have the legal capacity to enter into transactions involving financial matters.

Establishing a conservatorship

Establishing a conservatorship requires a court proceeding to determine whether the person is incapacitated. The judge must also promote the conservatee's best interests when figuring out who should be appointed as conservator. Preference is given in the following order:

- The proposed conservatee's spouse, domestic partner, or their nominee.
- The proposed conservatee's adult child or the child's nominee.
- The proposed conservatee's sibling or sibling's nominee.
- Any other eligible person or entity.

Conservator's Duties

A conservator of the person ensures that the conservatee's needs are met. The duties include:

- Making decisions about the conservatee's living arrangements.
- Planning how to meet the conservatee's needs for food, clothing and health care.

A conservator of the estate manages financial matters for the conservatee. The duties include:

- Filing an *Inventory and Appraisal* document with the court that lists all of the assets owned by the conservatee, and the value of each on the date the conservator was appointed.
- Paying the conservatee's bills and expenses.
- Making appropriate investments.
- Applying for entitlement program benefits.
- Keeping financial records and filing periodic accountings with the court.

All conservators are required to have a copy of the Judicial Counsel of California's *Handbook for Conservator* that can be viewed on the internet at courtinfo.ca.gov/selfhelp, under the heading "Seniors."

Unlike an Agent under a PAHC or DPAFM, a conservator must submit to the court:

- Formal written documents informing the court of address changes for all relevant persons.
- Regular accountings that explain how the conservatee's finances were handled.
- Intentions to sell, abandon or give away any of the conservatee's personal or real property.
- Any other matters that the court orders the conservator to report on.

Unlike an Agent under a PAHC or DPAFM, the conservator may not resign without first obtaining the court's permission.

Summing Up

Creating a DPAFM is a valuable part of planning ahead for the possibility of incapacity. Once a person has become incapacitated, it is too late to create a DPAFM.

Because a DPAFM can give an Agent substantial control over the Principal's assets, great care

should be taken in the selection of each Agent. Most importantly, any Agent must be trustworthy.

A well-prepared DPAFM can pave the way for careful management, and avoid the need for costly court intervention.

- Probate (and Avoiding It) in California
- Estate Administration
- Wills and Trusts
- The Taxes on Giving: Estate and Gift Tax
- Your Home and Taxes
- Medi-Cal for Nursing Home Care
- Your Aging Preparedness Kit
- Health Care Powers of Attorney
- Financial Powers of Attorney



To order, call
(310) 533-1996
or visit
help4srs.org



Reverse Mortgage Checklist

Reverse mortgages have been getting a lot of press coverage lately, and the reverse mortgage industry has clearly been revving up its sales efforts.

For some older individuals and couples, a reverse mortgage can be a valuable financial tool, providing needed funds to help cover living costs and allow them to stay in their home. For others, a reverse mortgage can be a costly financial mistake. It all depends on the specific situation.

Background

For many older homeowners, particularly in Southern California, home equity is their largest financial asset. A reverse mortgage can turn home equity into cash.

Reverse mortgages are adjustable-rate home loans that needn't be repaid until borrowers die, move out, sell, or fail to comply with loan agreements (covering upkeep, taxes, insurance, etc.). The possible loan amount depends on the owner's age and the home's value.

All owners must be at least 62 years old. There can be a small existing mortgage on the home – which will be paid off as part of the reverse mortgage.

You can take loan proceeds as a lump-sum, a series of monthly payments, or a credit line which you draw on as needed. Combinations are possible.

Cautions

- Reverse mortgages can be very expensive. Look at other alternatives (including selling and moving, home-equity loans or using public benefits).

- One mortgage can be much more expensive than another – you must shop around.
- Given their relatively large up-front costs, reverse mortgages are extremely costly money for anyone who can only stay in the home a short time. A rough rule of thumb: Can you stay at home at least five years?
- We join AARP and others when they warn against doing business with anyone who tries to sell a reverse mortgage to raise funds to purchase annuities or other investments, insurance, or other products or services.

A checklist for couples

We suggest that a married couple not only heed the above cautions, but make sure that **all** of the following conditions apply **before** they sign up for a reverse mortgage:

- ☐ Their home is a good long-term location for them (a safe layout, in a supportive neighborhood, etc.).
- ☐ At least one spouse will be able to remain in the home for at least five years.
- ☐ There is a gap between their ongoing monthly living costs and their monthly income – they need more income to close the gap.
- ☐ They would not qualify for government benefits to close the gap.
- ☐ They will take the proceeds as a series of monthly payments or a credit line – and in either case the amount will fully close the gap.

see *Reverse Mortgage* on page 12



For more consumer protection information from H.E.L.P. see our SeniorTruth blog at help4srs.org/seniortruth.

Reverse Mortgage

Continued from page 11

- ☐ They have talked with their family about the reverse mortgage – both the reasons they are considering it, and the consequences of the borrowing.
- ☐ They have carefully examined the reverse mortgage as part of their overall financial picture (savings, income, debts, etc.), and their living arrangements and goals.
- ☐ They have reviewed their entire picture with an

experienced and capable financial advisor (not the reverse mortgage salesperson or the mandated counseling agency).

- ☐ They understand the deal, and have shopped well to compare both up-front and ongoing costs.

More information

The best consumer information we've seen on reverse mortgages is from AARP (aarp.org/money/revmort/). Download AARP's free

booklet *Home Made Money*, order it online or call (800) 209-8085.

Among other things, the AARP website can help you determine whether selling a home makes more sense than a reverse mortgage.

For more consumer protection information from H.E.L.P. see our SeniorTruth blog at help4srs.org/seniortruth. ♦

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a weekly blog that keeps you up to date with the latest news happenings in elder care, law, finances and consumer protection

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Feel free to pass along H.E.L.P. Is Here to your family and friends. H.E.L.P. Is Here gives general information, not specific advice on individual matters. This issue is based on law in effect in California on May 15, 2008.

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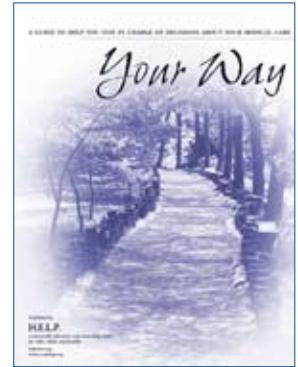
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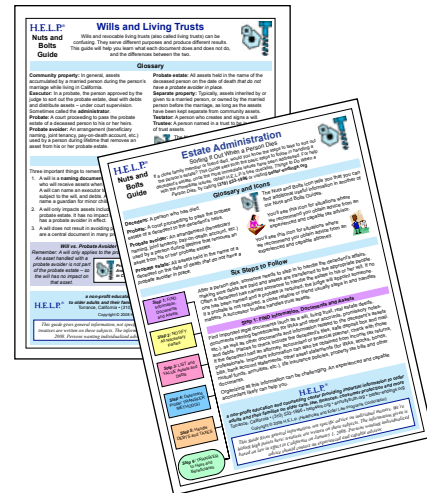


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