

What if I become incapacitated? Everyone considers a will when a family member either dies or a newborn baby is welcomed into the family. What about between birth and death? A Will or Last Will and Testamentary covers your loved ones in the event of death. Your earnings cover your everyday living and caring for your child. But what covers you in the event of incapacitation. What will be your care needs and your wishes? How will your loved ones know what you want done for your health care? How will it be paid for?

There are different ways of letting your family or loved ones know your wishes. There are different financial tools available to assist your loved ones to provide your care. These different ways and different financial tools require you to act. The following discussion is not all inclusive and it is not financial, medical, or legal advice. Consulting a financial advisor, insurance agency, estate attorney, probate attorney, tax advisor, certified public accountant, or medical professional is advisable to

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decide the best course of action based on your facts and circumstance.

Health Care Directive. Health care directive is also known as a living will, advance health care directive, advance medical directive, or advance decision form. It leaves no question unanswered regarding end-of-life decisions, artificial nutrition and hydration, relief from pain, and other wishes, including donation of organs upon death. Some states use the terms interchangeably, therefore, it is important to check your state's laws regarding these documents to determine which documents you need to express your wishes. Terminal illness or injury, life support, permanent unconsciousness, "do not resuscitate" (DNR), are medical situations which vary by state and its own limits and health care professionals must follow certain procedures according to state laws.

Power of Attorney. There are two (2) types of power of attorneys, medical and financial. A

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Medical Power of Attorney also known as health care power of attorney, health care proxy, durable power of attorney for health care, or power of attorney medical, is used to appoint your loved one to make medical decisions for you. A Financial Power of attorney allows a designated agent to manage your finances and property, conduct all your affairs, and to exercise all your legal rights and powers.

Archer MSAs and Long-Term Care Insurance Contracts. An Archer MSA is a “tax-exempt trust or custodial account that you set up with a U.S. financial institution (such as a bank or an insurance company) in which you can save money exclusively for future medical expenses.” IRA Pub 969.

Long-Term Care Insurance Contracts may cover cost that your health insurance does not cover, by reimbursing you for services needed to help you maintain your lifestyle if age, injury, illness, or a cognitive impairment makes it challenging for you

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to take care of yourself. “It may cover the cost of nursing home care, in-home care, or assisted living care. Long-term care insurance contracts can be purchased through an insurance agent, employer-sponsored program, professional or service organization membership, or state partnership program.” aarp.org

Health Savings Accounts (HSA). HSA is a “tax-exempt trust or custodial account setup with a qualified HSA trustee” to pay for medical expenses and reimburse certain medical expenses you incur. A qualified HSA trustee can be a bank, an insurance company, or anyone already approved by the IRS to be a trustee of individual retirement arrangements (IRAs) or Archer MSAs.” IRS Pub 969.

Flexible Spending Arrangements (FSA). A FSA “allows employees to be reimbursed for medical expenses. FSAs are usually funded through voluntary salary reduction agreements with your employer.” IRS Pub 969.

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Health Reimbursement Arrangements (HRA). HRAs “must be funded solely by an employer. Employees are reimbursed tax free for qualified medical expenses up to a maximum dollar amount for a coverage period.” IRS Pub 969

Accelerated Death Benefits. Accelerated death benefits from a life insurance policy “ is any amount paid under a life insurance contract for an insured individual who is terminally or chronically ill. It also includes any amount paid by a viatical settlement provider for the sale or assignment of a death benefit under a life insurance contract for a chronically or terminally ill individual.” irs.gov.

Medicare. Medicare is the United States of America’s “health insurance program for people age 65 or older. Certain people younger than age 65 can qualify for Medicare, too, including those with disabilities and those who have permanent kidney failure. Medicare helps with the cost of health care,

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but it does not cover all medical expenses or the cost of most long-term care.

Medicare (Part A) (hospital insurance) helps pay for inpatient care in a hospital or limited time at a skilled nursing facility (following a hospital stay).

Medicare (Part B) coverage (medical insurance) helps pay for services from doctors and other health care providers, outpatient care, home health care, durable medical equipment, and some preventive services.

Medicare Advantage Plan (formerly Part C) includes all benefits and services covered under Part A and Part B — prescription drugs and additional benefits such as vision, hearing, and dental — bundled together in one plan.

Medicare (Part D) helps cover the cost of prescription drugs. “ssa.gov

Medicare Supplement Insurance (Medigap) is a “policy from a private insurance company. Medigap

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help pay Medicare out-of-pocket copayment, coinsurance, and deductible expenses.” ssa.gov

Medicare Advantage MSA. A MSA is a “tax-exempt trust or custodial savings account that you set up with a financial institution (such as a bank or an insurance company) in which the Medicare program can deposit money for qualified medical expenses.” IRS Pub 969.

Disability Benefits. There are both state and federal disability programs. The state program varies by state and it is funded by State Disability Insurance (SDI) which is withheld from earnings.

The federal program is also funded by OASDI or Social Security (Old-Age, Survivors, and Disability Insurance) taxes withheld from earnings. The Social Security and Supplemental Security Income disability programs “provide assistance to people with disabilities. Social Security Disability Insurance (SSDI) program pays benefits to you and certain family members if you are “insured,” meaning that

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you worked long enough – and recently enough - and paid Social Security taxes on your earnings.

The Supplemental Security Income (SSI) program pays benefits to disabled adults and children who have limited income and resources. While the Social Security and Supplemental Security Income disability programs are different, the medical requirements are the same.” ssa.gov.

The answer to the question is most definitely not simple. Although deciding and planning may be difficult to consider or think about, it is a necessary task. Taking action to make decisions for your care in the event of incapacitation helps your loved ones understand and know your wishes. **

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