



How to Prepare Your Clients for Incapacity

By **Bruce W. Fraser**
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If you haven't raised the possibility of your clients' possible future incapacity, there's no better time than now.

And you can rest easy: While it may be an uncomfortable topic, you're actually doing your clients a favor by bringing it up. Incapacity could strike a client at any age. And the

era of affordable long-term care insurance, for all but the wealthy, has long passed.

Here's why: Approximately 70% of Americans who live to the age of retirement will need long-term care services at some point in their lives, according to the U.S. Department of Health and Human Resources. The national median of the current annual costs for nursing home care is \$82,490. Assisted living is roughly half that, and the hourly charge for a home health care aide today is \$18 to \$25 and climbing, according to Wells Fargo Private Bank.

"I always educate my clients about these facts, and ask them to consider purchasing insurance or make plans to self-insure," says Tony D'Amico, CEO of the Fidato Group, an RIA in Strongsville, Ohio. "Some financial plans can absorb a future hypothetical cost for long-term care. Others cannot."

SPECIALIZED SERVICES

Wells Fargo operates a specialized life management services program for its aging clients on a trust platform within the wealth division of its Private Bank; clients must have a minimum of \$2 million with Wells Fargo Private Bank. According to Anne Tinyo, national manager of Wells Fargo Private Bank's life management services program, Wells Fargo works closely with financial advisors, wealth managers and other fiduciary specialists within and outside the bank. In the discovery process, Wells Fargo specialists ask clients a series of questions that typically include: Looking ahead, what support might you need to be able to stay in your home? How do you manage day-to-day finances? What keeps you up at night? "We're addressing [clients'] wealth and financial needs, but also their medical, legal, physical and psychosocial needs," says Tinyo. "The goal is to work with older

clients to allow them to remain as independent as possible for as long as possible. We're building systems of support both within the bank with our specialists and also out in the community."

Gideon Rothschild, a well-known trusts and estates partner at New York law firm Moses & Singer, recommends his clients, particularly professionals and solo practitioners, adopt a durable power of attorney in case they become incapacitated. An alternative could be a revocable living trust.

In meetings with clients, Rothschild is not afraid to broach the subject. "In the event of incapacity, what happens when someone owns their business? Is there a buy-sell agreement in place? Is there some arrangement with another solo practitioner that would take over the practice to make sure clients are taken care of properly? That's what people haven't addressed," he says.

Bruce W. Fraser, a New York-based financial writer, contributes to Financial Planning and On Wall Street.

This story is part of a 30-day series on estate planning strategies.