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Caring for an Aging Parent

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Tips for Caregivers

- Post important telephone numbers in case of emergency (e.g., physician, emergency services).
- Safeguard your parent's home.
- Complete first-aid and CPR courses.
- Talk to your parent about the future; understand his or her wishes.
- Make sure your parent has a will, durable power of attorney, health-care proxy, and living will.
- Join a support group or cultivate friendships where you can talk openly about your caregiving responsibilities and challenges.
- Seek assistance from friends and relatives, community services (home health care, meal delivery, adult day care, etc.), and other sources.
- Talk to your employer. Some employers will help by offering flexible schedules or other assistance.
- Be aware that the Family and Medical Leave Act requires employers of 50 or more employees to grant eligible employees unpaid leave to care for a member of their immediate family who has a serious health condition.

Ways to safeguard the home

Install an emergency alert system that can be activated from anywhere in the home.

Install grab bars and handrails, place nonslip strips in tubs and showers.

Secure or remove rugs, keep paths clear, and make sure lighting is adequate to prevent falls.

Understanding Long-Term Care Insurance

It's a fact: People today are living longer. Although that's good news, the odds of requiring some sort of long-term care increase as you get older. And as the costs of home care, nursing homes, and assisted living escalate, you probably wonder how you're ever going to be able to afford long-term care. One solution that is gaining in popularity is long-term care insurance (LTCI).

What is long-term care?

Most people associate long-term care with the elderly. But it applies to the ongoing care of individuals of all ages who can no longer independently perform basic activities of daily living (ADLs)--such as bathing, dressing, or eating--due to an illness, injury, or cognitive disorder. This care can be provided in a number of settings, including private homes, assisted-living facilities, adult day-care centers, hospices, and nursing homes.

Why you need long-term care insurance (LTCI)

Even though you may never need long-term care, you'll want to be prepared in case you ever do, because long-term care is often very expensive. Although Medicaid does cover some of the costs of long-term care, it has strict financial eligibility requirements--you would have to exhaust a large portion of your life savings to become eligible for it. And since HMOs, Medicare, and Medigap don't pay for most long-term care expenses, you're going to need to find alternative ways to pay for long-term care. One option you have is to purchase an LTCI policy.

However, LTCI is not for everyone. Whether or not you should buy it depends on a number of factors, such as your age and financial circumstances. Consider purchasing an LTCI policy if some or all of the following apply:

- You are between the ages of 40 and 84
- You have significant assets that you would like to protect
- You can afford to pay the premiums now and in the future
- You are in good health and are insurable

How does LTCI work?

Typically, an LTCI policy works like this: You pay a premium, and when benefits are triggered, the policy pays a selected dollar amount per day (for a set period of time) for the type of long-term care outlined in the policy.

Most policies provide that certain physical and/or mental impairments trigger benefits. The most common method for determining when benefits are payable is based on your inability to perform certain activities of daily living (ADLs), such as eating, bathing, dressing, continence, toileting (moving on and off the toilet), and transferring (moving in and out of bed). Typically, benefits are payable when you're unable to perform a certain number of ADLs (e.g., two or three).

Some policies, however, will begin paying benefits only if your doctor certifies that the care is medically necessary. Others will also offer benefits for cognitive or mental incapacity, demonstrated by your inability to pass certain tests.

Comparing LTCI policies

Before you buy LTCI, it's important to shop around and compare several policies. Read the Outline of Coverage portion of each policy carefully, and make sure you understand all of the benefits, exclusions, and provisions. Once you find a policy you like, be sure to check insurance company ratings from services such as A. M. Best,

Moody's, and Standard & Poor's to make sure that the company is financially stable.

When comparing policies, you'll want to pay close attention to these common features and provisions:

- **Elimination period:** The period of time before the insurance policy will begin paying benefits (typical options range from 20 to 100 days). Also known as the waiting period.
- **Duration of benefits:** The limitations placed on the benefits you can receive (e.g., a dollar amount such as \$150,000 or a time limit such as two years).
- **Daily benefit:** The amount of coverage you select as your daily benefit (typical options range from \$50 to \$350).
- **Optional inflation rider:** Protection against inflation.
- **Range of care:** Coverage for different levels of care (skilled, intermediate, and/or custodial) in care settings specified in policy (e.g., nursing home, assisted living facility, at home).
- **Pre-existing conditions:** The waiting period (e.g., six months) imposed before coverage will go into effect regarding treatment for pre-existing conditions.
- **Other exclusions:** Whether or not certain conditions are covered (e.g., Alzheimer's or Parkinson's disease).
- **Premium increases:** Whether or not your premiums will increase during the policy period.
- **Guaranteed renewability:** The opportunity for you to renew the policy and maintain your coverage despite any changes in your health.
- **Grace period for late payment:** The period during which the policy will remain in effect if you are late paying the premium.
- **Return of premium:** Return of premium or nonforfeiture benefits if you cancel your policy after paying premiums for a number of years.
- **Prior hospitalization:** Whether or not a hospital stay is required before you can qualify for LTCI benefits.

When comparing LTCI policies, you may wish to seek assistance. Consult a financial professional, attorney, or accountant for more information.

What's it going to cost?

There's no doubt about it: LTCI is often expensive. Still, the cost of LTCI depends on many factors, including the type of policy that you purchase (e.g., size of benefit, length of benefit period, care options, optional riders). Premium cost is also based in large part on your age at the time you purchase the policy. The younger you are when you purchase a policy, the lower your premiums will be.

Understanding Social Security

Over 55 million people today receive some form of Social Security benefits, including 90 percent of retired workers over age 65. (Source: Fast Facts & Figures About Social Security, 2009) But Social Security is more than just a retirement program. Its scope has expanded to include other benefits as well, such as disability, family, and survivor's benefits.

How does Social Security work?

The Social Security system is based on a simple premise: Throughout your career, you pay a portion of your earnings into a trust fund by paying Social Security or self-employment taxes. Your employer, if any, contributes an equal amount. In return, you receive certain benefits that can provide income to you when you need it most--at retirement or when you become disabled, for instance. Your family members can receive benefits based on your earnings record, too. The amount of benefits that you and your family members receive depends on several factors, including your average lifetime earnings, your date of birth, and the type of benefit that you're applying for.

Your earnings and the taxes you pay are reported to the Social Security Administration (SSA) by your employer, or if you are self-employed, by the Internal Revenue Service. The SSA uses your Social Security number to track your earnings and your benefits.

Finding out what earnings have been reported to the SSA and what benefits you can expect to receive is easy. Just check out your Social Security Statement, mailed by the SSA annually to anyone age 25 or older who is not already receiving Social Security benefits. You'll receive this statement each year about three months before your birthday. It summarizes your earnings record and estimates the retirement, disability, and survivor's benefits that you and your family members may be eligible to receive. You can also order a statement at the SSA website, at your local SSA office, or by calling (800) 772-1213.

Social Security eligibility

When you work and pay Social Security taxes, you earn credits that enable you to qualify for Social Security benefits. You can earn up to 4 credits per year, depending on the amount of income that you have. Most people must build up 40 credits (10 years of work) to be eligible for Social Security retirement benefits, but need fewer credits to be eligible for disability benefits or for their family members to be eligible for survivor's benefits.

Your retirement benefits

If you were born before 1938, you will be eligible for full retirement benefits at age 65. If you were born in 1938 or later, the age at which you are eligible for full retirement benefits will be different. That's because full retirement age is gradually increasing to age 67.

But you don't have to wait until full retirement age to begin receiving benefits. No matter what your full retirement age, you can begin receiving early retirement benefits at age 62. Doing so is often advantageous: Although you'll receive a reduced benefit if you retire early, you'll receive benefits for a longer period than someone who retires at full retirement age.

You can also choose to delay receiving retirement benefits past full retirement age. If you delay retirement, the Social Security benefit that you eventually receive will be as much as 6 to 8 percent higher. That's because you'll receive a delayed retirement credit for each month that you delay receiving retirement benefits, up to age 70. The amount of this credit varies, depending on your year of birth.

Disability benefits

If you become disabled, you may be eligible for Social Security disability benefits. The SSA defines disability as a physical or mental condition severe enough to prevent a person from performing substantial work of any kind for at least a year. This is a strict definition of disability, so if you're only temporarily disabled, don't expect to receive Social Security disability benefits--benefits won't begin until the sixth full month after the onset of your disability. And because processing your claim may take some time, apply for disability benefits as soon as you realize that your disability will be long term.

Family benefits

If you begin receiving retirement or disability benefits, your family members might also be eligible to receive benefits based on your earnings record. Eligible family members may include:

- Your spouse age 62 or older, if married at least 1 year
- Your former spouse age 62 or older, if you were married at least 10 years
- Your spouse or former spouse at any age, if caring for your child who is under age 16 or disabled
- Your children under age 18, if unmarried
- Your children under age 19, if full-time students (through grade 12) or disabled
- Your children older than 18, if severely disabled

Each family member may receive a benefit that is as much as 50 percent of your benefit. However, the amount that can be paid each month to a family is limited. The total benefit that your family can receive based on your earnings record is about 150 to 180 percent of your full retirement benefit amount. If the total family benefit exceeds this limit, each family member's benefit will be reduced proportionately. Your benefit won't be affected.

Survivor's benefits

When you die, your family members may qualify for survivor's benefits based on your earnings record. These family members include:

- Your widow(er) or ex-spouse age 60 or older (or age 50 or older if disabled)
- Your widow(er) or ex-spouse at any age, if caring for your child who is under under 16 or disabled
- Your children under 18, if unmarried
- Your children under age 19, if full-time students (through grade 12) or disabled
- Your children older than 18, if severely disabled
- Your parents, if they depended on you for at least half of their support

Your widow(er) or children may also receive a one-time \$255 death benefit immediately after you die.

Applying for Social Security benefits

You can apply for Social Security benefits in person at your local Social Security office. You can also begin the process by calling (800) 772-1213 or by filling out an on-line application on the Social Security website. The SSA suggests that you contact its representative the year before the year you plan to retire, to determine when you

should apply and begin receiving benefits. If you're applying for disability or survivor's benefits, apply as soon as you are eligible.

Depending on the type of Social Security benefits that you are applying for, you will be asked to furnish certain records, such as a birth certificate, W-2 forms, and verification of your Social Security number and citizenship. The documents must be original or certified copies. If any of your family members are applying for benefits, they will be expected to submit similar documentation. The SSA representative will let you know which documents you need and help you get any documents you don't already have.

Facing the Possibility of Incapacity

Incapacity means that you are either mentally or physically unable to take care of yourself or your day-to-day affairs. Incapacity can result from serious physical injury, mental or physical illness, mental retardation, advancing age, and alcohol or drug abuse.

Incapacity can strike anyone at anytime

Even with today's medical miracles, it's a real possibility that you or your spouse could become incapable of handling your own medical or financial affairs. A serious illness or accident can happen suddenly at any age. Advancing age can bring senility, Alzheimer's disease, or other ailments that affect your ability to make sound decisions about your health, or to pay your bills, write checks, make deposits, sell assets, or otherwise conduct your affairs.

Planning ahead can ensure that your wishes are carried out

Designating one or more individuals to act on your behalf can help ensure that your wishes are carried out if you become incapacitated. Otherwise, a relative or friend must ask the court to appoint a guardian for you, a public procedure that can be emotionally draining, time consuming, and expensive. An attorney can help you prepare legal documents that will give individuals you trust the authority to manage your affairs.

Managing medical decisions with a living will, durable power of attorney for health care, or Do Not Resuscitate order

If you do not authorize someone to make medical decisions for you, medical care providers must prolong your life using artificial means, if necessary. With today's modern technology, physicians can sustain you for days and weeks (if not months or even years). If you wish to avoid this, you must have an advanced medical directive. You may find that one, two, or all three types of advanced medical directives are necessary to carry out all of your wishes for medical treatment (make sure all documents are consistent).

A living will allows you to approve or decline certain types of medical care, even if you will die as a result of the choice. However, in most states, living wills take effect only under certain circumstances, such as terminal injury or illness. Generally, one can be used only to decline medical treatment that "serves only to postpone the moment of death." Even in states that do not allow living wills, you might want to have one anyway to serve as evidence of your wishes.

A durable power of attorney for health care (known as a health-care proxy in some states) allows you to appoint a representative to make medical decisions for you. You decide how much power your representative will have.

A Do Not Resuscitate order (DNR) is a doctor's order that tells all other medical personnel not to perform CPR if you go into cardiac arrest. There are two types of DNRs. One is effective only while you are hospitalized. The other is used while you are outside the hospital.

Managing your property with a living trust, durable power of attorney, or joint ownership

If no one is ready to look after your financial affairs when you can't, your property may be wasted, abused, or lost. You'll need to put in place at least one of the following options to help protect your property in the event you become incapacitated.

You can transfer ownership of your property to a revocable living trust. You name yourself as trustee and retain complete control over your affairs as long as you retain capacity. If you become incapacitated, your successor

trustee (the person you named to run the trust if you can't) automatically steps in and takes over the management of your property. A living trust can survive your death, but it can be expensive to maintain and administer.

A durable power of attorney (DPOA) allows you to authorize someone else to act on your behalf. There are two types of DPOAs: a standby DPOA, which is effective immediately, and a springing DPOA, which is not effective until you have become incapacitated. A DPOA should be fairly simple and inexpensive to implement. It also ends at your death. A springing DPOA is not permitted in some states, so you'll want to check with an attorney.

Another option is to hold your property in concert with others. This arrangement may allow someone else to have immediate access to the property and to use it to meet your needs. Joint ownership is simple and inexpensive to implement. However, there are some disadvantages to the joint ownership arrangement. Some examples include (1) your co-owner has immediate access to your property, (2) you lack the ability to direct the co-owner to use the property for your benefit, (3) naming someone who is not your spouse as co-owner may trigger gift tax consequences, and (4) if you die before the other joint owner(s), your property interests will pass to the other owner(s) without regard to your own intentions, which may be different.

Housing Options for Aging Parents

	In-Home Care	Assisted-Living Facility	Nursing Home
When to consider	Parent can live independently but needs some assistance	Parent can live independently but needs some assistance	Parent can't live independently and requires regular nursing care
Types of care provided	<ul style="list-style-type: none"> • Medical care (nursing or health aide) • Household help • Companion or caretaker services • Meal delivery • Transportation 	<ul style="list-style-type: none"> • Rental rooms, apartments, or houses • Housekeeping services • Meals • Social activities • Transportation • May provide limited health-care services 	<ul style="list-style-type: none"> • 24-hour access to medical care • Custodial care: some help eating, bathing, dressing, or taking medications • Skilled nursing care
Potential advantages	<ul style="list-style-type: none"> • Can remain in familiar surroundings • May be less expensive than assisted-living or nursing home care if limited services are needed 	<ul style="list-style-type: none"> • Staff available 24 hours a day • Social interaction with other residents • May have home-like atmosphere 	<ul style="list-style-type: none"> • Social interaction with other residents • Access to round-the-clock medical care • May have special care units for individuals with Alzheimer's disease or related conditions
Potential disadvantages	<ul style="list-style-type: none"> • Strangers in home • Can be difficult to coordinate care 	<ul style="list-style-type: none"> • Limited privacy • Long waiting lists • High fees for extra services 	<ul style="list-style-type: none"> • Limited privacy • Long waiting lists • Very expensive
What you need to do	<ul style="list-style-type: none"> • Assess hazards and functionality of home, renovate if necessary • Check credentials of agency or individual providing service 	<ul style="list-style-type: none"> • Research facility thoroughly • Consult an attorney before signing a contract 	<ul style="list-style-type: none"> • Research facility thoroughly • Consult an attorney before signing a contract



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