

## Rentals, Assisted Living, and My Great Aunt Venice

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My Great Aunt Venice moved in with my family when I was in middle school. She brought a green ARMY trunk for a suitcase -- Venice had been a nurse in the ARMY for 22 years. She brought an "as seen on TV" adjustable bed -- Venice had liked to sit up in bed to read before she got sick. She brought four memories from her 80 years of life -- Venice had Alzheimer's disease.

As a Certified Financial Planner™ professional, I often think about my great aunt and the lessons she taught me about perseverance and planning ahead. I think of her also in terms of retirement planning. I juxtapose her story of what worked and what didn't work against the knowledge, statistics, and expertise that are part of my training. Here is a short list of my opinions based on the amalgamation of personal and professional experience.

- A- Moving in with children when ones mental or physical health starts to deteriorate: This works for a short time. I think six months is a stretch but maybe a year. It often is not that your daughter-in-law's charity fails – although that does happen- it is usually a family member's back that gives out first.
- B- Long Term Care polices and Assisted Living policies: These work very well at the time of need (it is often difficult to fund premiums before the time of need). Current policies that allow for in-home services provided by a professional assisted living company can be an easy medium between going to an assisted living facility and not being a burden on one's family.
- C- Self Funding for assisted living: This works if you have the assets to set aside and still have enough to cover your retirement expenses. This is a good fit for individuals that have more than is required for retirement income. They set aside money that is earmarked for, first, assisted living needs and, second, inheritance or estate gifts.

As this is a real estate blog- here are some real estate options to consider when self funding for assisted living:

Rental property can be a great asset to help fund a retirement income stream. However, if the income stream needs to increase dramatically to cover assisted living expenses, it is often a family member(s) with a power of attorney that has to sell the property to cover expenses. This, along with a lot of other reasons, makes a power of attorney imperative. Even with a power of attorney, I have seen this process -even in good markets- become very onerous for the family.

Instead of owning rentals, there are other investment vehicles that involve real estate that have the potential to provide an income stream and possibly some flexibility for long term care situations. Contact your financial advisor to determine if this sector of the market is appropriate for your investment plan.

- D- Not discussing, planning for, or talking to your family about an assisted living situation: This DOES NOT work. Talk to a Certified Financial Planner practitioner today to start creating a plan.

Your loved ones will thank you, and you can thank my Great Aunt Venice for getting you started.