

CAREGIVER PROFILE

MEGAN CLOUSE



Megan is a Northern California native who after experiencing rural and city (Napa) Wine Country living, and three years in Oregon, is now happily settled in Sonoma with her husband Mike, two stepsons Eric (11) and Kyle (13), a big Old English Sheepdog, and a garage full of bikes, golf clubs and tennis racquets.

Megan is committed to living a full life and not to being afraid to try something new. This spirit is what brought her to Sequoia Senior Solutions in 2004. "Last summer my church pastor spoke about stepping out and trying something very different, and I had already been researching areas where I could volunteer, so it was a great fit when I learned more about caregiving."

Megan had already established herself over the last 5 years as a photographer specializing in weddings, so it was easy for her to transition some of her time to helping others. "Becoming a caregiver has expanded my small world to include moments and people that I never would have experienced and this new role has been enriching."

PRESIDENT'S WELCOME

Welcome to our Spring/Summer 2005 Newsletter. We have some interesting and timely discussions in this issue.

With the debate over Social Security at the forefront of the media, we thought we would present the issues without the political overlay that has been in most of the discussion on this issue. We encourage you to research this issue yourself—the results of this debate will definitely impact your children's financial future, if not your own.

We also offer an article stressing the importance of creating a Durable Power of Attorney, especially given the recent prominence of the Terri Schaivo case. While a tragic situation, it has underlined for many the importance of having your wishes in writing.

We also offer tips on creating a healthy fitness program, and the importance of knowing what Medicare does, and does not, cover in terms of long term care, and the wisdom of planning for those needs now.

Upcoming Issues:

Caregiver of the Season

I am also excited to announce that *Sequoia Senior Solutions* will be part of a nationwide campaign spearheaded by *The Senior's Choice* called "Caregiver of the Season," awarding the outstanding effort of caregivers within our network.

The Senior's Choice will collect nominations for this prestigious award on an ongoing basis and once each quarter will select the outstanding "Caregiver of the Season."

We think the world of our caregivers—they are the life-blood of Companion Care. We can't wait to introduce them to you in future newsletters!

Best wishes,
Gabriella Ambrosi
President & CEO
*Sequoia Senior
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FINANCE & CONSUMER RESOURCES

THE SOCIAL SECURITY DEBATE

Some FAQs on this hot-button issue.

Q: Social Security seems to have been working fine for decades. Why is there a problem with it now?

A: The debate about Social Security can be summed up in two words: "aging population." Money from the payroll taxes of current workers pays the benefits of today's recipients. Soon the U.S. baby boom is going to begin hitting retirement, and boomers will begin trading paychecks for Social Security payments.

Social Security also pays benefits to disabled workers and their dependents; spouses and children of retired workers; and the survivors of deceased workers. It is the single largest program of the American government, constituting almost a quarter of all Washington's spending.

Q: Are things really so bad that the program will go bankrupt?

A: That depends on the meaning of the word "bankrupt." If nobody does anything to fix the system, in just under 40 years it will hit a financial wall, and will be forced

to implement an immediate 30% cut in benefits.

Q: What would it take to fix Social Security's finances?

A: Fixing Social Security is more than making the numbers add up, government economists point out. It also involves consideration of equity both within and between generations.

Right now the U.S. has promised about \$3.7 trillion worth of benefits over the next 75 years that it has not funded. The earlier that Congress grapples with this problem, the smaller the changes will need to be. There are a number of options to "fix" the problem. An immediate increase in the payroll tax of 1.5% could wipe out the 75-year problem. That would take the tax from today's 12.4% to 13.9%. Or to solve the problem with benefit reductions, a cut of about 13% would be needed. Tax rates could also be increased, or the \$90,000 annual cap on the amount of income subject to Social Security levies could be raised. Initial benefits could be reduced, or the mechanism used to determine the annual increases of

existing beneficiaries could be changed.

President Bush has not suggested a package of changes, other than to say there should be no benefit cuts for today's retirees and workers 55 or older. He has said he is flatly against any percentage increase in the payroll tax.

Q: Would private accounts solve Social Security's woes?

A: No. President Bush is pushing for private retirement accounts within Social Security as a means to sweeten the system for younger workers, and not as a fix for any looming financial crisis.

These accounts would not affect Social Security's long-range finances. True, workers would be paying less in payroll taxes into the traditional system, but they would also get smaller benefits when they retire. The difference would be made up by the assumed superior investment gains of private accounts.

But in the short run, private accounts would make Social Security's cash flow problem worse. Social Security depends on the contributions of younger workers to pay today's retirees; if some of that money were held back for individual pri-



ROTATING TOPIC

DURABLE POWERS OF ATTORNEY: WHAT IT IS AND WHY YOU NEED ONE

Even if you don't already have an estate plan, you've almost certainly thought about the importance of having a Will or Trust to ensure that your wishes are carried out after you die. But very few of us like to think about what would happen if we became incapacitated or disabled in some way and unable to manage our personal affairs. We like to think that will never happen to us, but statistics say there is a very high likelihood that many of us will become incapacitated at some point in our lives.

We should be very concerned about who will make decisions about the type of medical care we will receive and who will act on our behalf to pay bills, make bank deposits, watch over investments and deal with the paperwork that accompanies collecting insurance and government benefits. After we die, we won't be around to care, but during our lifetimes, these decisions can have a huge impact on our quality of life.

That's where Durable Powers of Attorney come in. Durable Powers of Attorney are

legal documents which allow you to appoint a person of your choice to act on your behalf in making those health care decisions and managing personal affairs. Durable Powers of Attorney are an inexpensive, simple and reliable way to ensure that things are handled in the way you choose during your lifetime—when you are around to notice and care.

Ideally, well-drafted Durable Powers of Attorney can avoid unnecessary expense and court involvement and make sure that you live out your life as you'd want to.

Durable Powers are called "durable" because they remain valid even when you become incapacitated, unlike a general power of attorney which does not. Durable Powers may either be "springing"—meaning they spring into effect



SENIOR HEALTH & LIFESTYLES

GETTING PHYSICAL WITHOUT GETTING INJURED

vate accounts, the government would somehow have to make up the difference. Most likely, that would mean more borrowing—1 trillion or more over the next 10 years.

Q: So how would these private accounts work?

A: The private retirement accounts President Bush is proposing would seem similar to the 401(k) program offered by a private employer. This allow workers to divert some of their payroll taxes into a privately held reserve. This money would then be invested as owners see fit.

The bottom line of the Bush plan: If you opt for a private account, and over the course of your working life it earns more than 3% per year, on average, you come out ahead. If not, you'd have been better off putting all your payroll tax money in the traditional system.

By Peter Grier.

Reprinted in abridged form with permission from The Christian Science Monitor.

To read the entire article, go to:

www.csmonitor.com/2005/0303/p01s04-uspo.html

To encourage older adults to become active and to minimize their risk of injury, the International Council on Active Aging (ICAA) has created the following tips:

Get a checkup. Meet with your healthcare provider to see whether you'll need to consider any special modifications before starting an exercise program. If necessary, get a clearance to begin a program.

Know your options. Pick a program you know you will enjoy. Find something that will help improve your fitness and quality of life—and that you will do regularly.

Determine your participation style. Would you prefer taking a class or going solo? Are you a morning or night person? Does indoor fitness appeal to you, or would you prefer to play outside? Be realistic about how you participate.

Start slowly. Many people are eager to get started and sometimes overdo it, which usually makes them sore and can make them want to stop.

Make a date. Find a buddy to exercise with you and keep you motivated. That makes it more likely you'll do the walk or workout.

Set short- and long-term goals. Make goals as specific as possible.

Make a list. List the benefits you expect from your physical activity program, then make sure these are realistic and reasonable.

Make choices. To move forward, we need to leave some things behind. What are you willing to give up to make room for exercise? Bad habits? Nonproductive activities? Non-beneficial relationships?

Do your own house and yard work.

Create a support network. Tell friends and family about your new goals and ask for their support and encouragement.

Exercise in a way that makes your muscles work harder

than they are accustomed to, but in a gradual and progressive manner.

Wear the right shoes. If you have arthritis, diabetes or orthopedic problems, you can remain physically active with the help of appropriate shoes.

If it hurts, don't do it. Work around pain, not through it.

Do balance exercises, as well as strength exercises.

This list provides excerpts from the website article. For the full resource list, go to: www.icaa.cc/Activeagingweek/Fitnessfacts/29tips.htm

when you become incapacitated, or "immediate," meaning they are effective as soon as they are signed.

A Durable Power of Attorney for Healthcare (Advanced Health Directive) gives the agent the power to make healthcare decisions for you, including the power to make end of life decisions according to your wishes.

A Durable Power of Attorney for Finances can give the agent broad power over your finances, even allowing buying and selling of real property or moving money in and out of bank accounts and investments. However, it is up to you to decide, when creating the durable power of attorney, just how much power the agent will actually have. It is vitally important that the person you choose as an agent is someone

you trust implicitly. Whatever powers the agent is given, the agent has a duty to act in your best interests, keeping accurate records and maintaining your property separate from his or her own, and avoiding conflicts of interest.

You can maintain control over your life, even if you become incapacitated, provided you've done some advanced planning. Whether or not you have a Will and Trust, you should have Durable Powers of Attorney. These documents let you live your life the way you choose.

Contributed by Janice Sternfeld.

Janice Sternfeld is an Elder Law Attorney practicing in Santa Rosa. She welcomes new clients and may be reached at (707) 284-8698.



SPOTLIGHT ON CAREGIVERS

PLANNING AHEAD: CONSIDER YOUR CARE OPTIONS BEFORE YOU NEED THEM

This year, about nine million men and women over the age of 65 will need long-term care and most will be cared for at home; family and friends are the sole caregivers for 70% of the elderly. And a study by HHS states that people who reach age 65 will have a 40% chance of entering a nursing home.

Many seniors and their families do not face these issues before they are forced to. They often assume that their Medicare coverage will provide for all their health care needs if they are injured, sick or otherwise in need of convalescent care.

These families are often shocked to find the limited care provided by Medicare insurance for non-medical caregiving support that usually must accompany convalescence, such as assistance with bathing, dressing, food preparation and running errands. In certain cases, Medicare can cover the cost of a home health aide for personal care, such as bathing or dressing, when the individual requires the services of a licensed provider as well. But Medicare does not cover personal care alone. These responsibilities often end up falling upon the family members, whether or not

they are prepared to undertake them.

For Nursing Facilities, Medicare limits the length of stay to 100 days per incident (identified as a “benefit period”)—and there is a co-pay after 20 days that can end up costing the patient several thousand dollars out of pocket.

To avoid these kinds of nasty surprises at the time a senior needs this sort of care, it is wise for seniors, or even a family member nearing retirement, to sit down with their family and research their options and limitations.

Financing Options:

1. Medicare—research what Medicare does—and does not—cover (online at www.medicare.gov or http://research.aarp.org/health/fs103_medicare.html)
2. Medigap—an insurance policy available to fill the “gaps” in Medicare, such as deductibles and co-pays (only necessary if you do not have a Medicare “Advantage” or “Choice” Plan.)
3. Long-Term Care Insurance—a private insurance policy that pays for the types of costs not normally paid by Medicare, such as in home care, assisted living,

nursing home and Alzheimer's facilities. This can be very costly, and the earlier you elect for this kind of coverage, the more affordable it will be.

4. Medicaid—available to low income seniors who qualify; this coverage is handled state by state and generally requires yielding most all assets to the state in exchange for room, board and nursing care.
5. Most communities also have governmental or non-profit agencies to provide some level of elder care services. Normally these services are free or low cost. However, availability of services when you need them may be limited. Information about these services will be available through senior centers or your local chapter of Area Agency on Aging, the agency that administers these services.

The Medicare website has a good discussion of your long-term care planning issues and options at:

www.medicare.gov/LongTermCare/Static/Home.asp