

FOCUS

ON HEALTH CARE: ELDER AND LONG TERM CARE

COVID-19 spurs interest in financial, retirement and estate planning

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The ongoing COVID-19 pandemic has caused many people to reassess aspects of their lives. Do they want to continue to work? Is going back into an office setting the right move? How do they value their time versus the money?

Jeffrey D. Katz, founder and managing partner for JDKatz, P.C., a tax, litigation, business law and estate planning law firm, has noticed more people leaving the workforce earlier since the pandemic began.

"People will ask us 'Can I afford to retire now?'" he said. "... We've definitely seen some more introspection from our clients. We are having deeper conversations as to when is the right time to retire. Qualitatively what am I looking for in terms of my retirement. What is the best way I can spend that retirement and really how much do I need to have to afford to live the lifestyle that I want to live."

This is a good time to start planning and not wait until it's too late, Katz said. "I think the one thing we have seen over the last year is we don't know what is going to happen and having a good plan in place really helps soften the impact of what could go wrong," he said. "Whether that is a business plan, a succession plan, an estate plan, having those conversations now and getting things in order, there is never a better time to do it."

Jonathan Murray, financial advisor for The Murray Group, UBS Wealth Management USA, said crises like the pandemic remind us of our own mortality as well as life's other many contingencies. "To prepare for the unexpected, many have made getting their affairs in order a top priority," he said.

For those with existing financial and estate plans, COVID-19 is also a good reminder that financial planning is not a one-time event but a recursive process, Murray said. "Not only should individuals and families consult their attorneys or legal advisers about crafting basic estate planning documents like wills and powers of attorney but they should also revisit those documents regularly to ensure their past and current desires align," he said.

Due to the global health crisis, some folks are trying to stay in their homes



DEPOSITPHOTOS

Financial advisers say they've seen greater interest in planning for long-term financial and retirement needs because of the pandemic.

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longer to avoid nursing homes and assisted living facilities. There may be savings in the beginning but they may pay more later.

"Long-term care planning is something that people tend to put off and long-term care insurance tends to be expensive because people use it," Katz said. "What we are seeing is that where there has been a deferral of care, people are coming in sicker with greater needs."

Marlena del Hierro, vice president of partnerships at Seniorly, an online company dedicated to older adult housing and care, said people are now going to facilities needing more care because they waited. "If you have a higher care, your costs are going to be higher than if you were going in with general services like meals and medication man-

agement," she said.

If a person decides to stay in their home, Murray said, from a planning perspective "a retiree may be past the point of buying long-term care insurance so we try to show them that their house, and the equity they have built in it, can be the asset they will sell in order to fund a retirement home when the time comes."

Seniorly released a list in November of the best and worst states for assisted living costs, looking at the average monthly price. Maryland ranked 27th on the list with a monthly average price of \$3,955. New Jersey took the most expensive spot with an average of \$5,893 spent monthly, while Georgia was the least costly, at \$3,045. Maryland's neighbors – Washington, D.C. and Delaware – were fifth and sixth, respectively, with

Virginia ranking 13th, Pennsylvania 32nd and West Virginia 41.

The study also looked at how long it takes for individuals to be able to afford assisted living using the average saving rate by state compared to one year of cost. Maryland fared much better in this study, coming in as one of the quickest places to save enough to afford assisted living, ranking 50th at 7.5 years. Utah had the shortest amount of time at 7.2 years. If you live in New Mexico, the study estimates it will take you 13.6 years to save for one year of assisted living, which earned the longest wait. Delaware was fifth, West Virginia 11th, Washington, D.C. 32nd, Virginia 34th and Pennsylvania 41st.

Inflation has been a cause for concern for many Americans, but in some ways it has been a positive for retirees who rely on their Social Security checks because of cost of living adjustments (COLA) increases, according to Murray. "Most recently the COLA increase was just under 6 percent. That said, higher interest rates have not translated into higher yields on fixed income, so we are seeing more interest in dividend paying stocks as an alternative to bonds from investors whose were previously more focused on bond investing in the past."

Shortages >> Nursing homes fear staffing needs will extend beyond COVID

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ices and in some cases hospitals with specialized units.

"We are not just competing in our sector," he said. "We are competing broadly across the entire health care sector, and in addition to that there is a shortage."

DeMattos said professionals in long-term, post-acute care tend to stay in their positions because they feel a real connection to the work. "The longer somebody stays on the job in terms of months (or years), the longer they are retained in the sector," he said. "... What we learned pre-pandemic and what has been true during the pandemic is if they can stay in the job for the first six months, they are going to stick around, but there is such a high turn rate from day one and month six, which was the case before the pandemic and is the

case during the pandemic."

Overall, Maryland is faring better than many other states when it comes to the nursing shortage.

A recent report by National Investment Center for Seniors Housing & Care showed Maryland has a 15 percent nursing shortage while the national average is 20 percent.

DeMattos said Maryland generally features higher pay than its neighboring states and offers more career development and growth opportunities. The flip side, he said, is it is more expensive in Maryland to maintain the workforce.

"The cost of recruiting and retaining that workforce in Maryland is also higher than it is in many of the surrounding states," he said.

In October, Gov. Larry Hogan announced steps the state is taking to help

with the health care staffing shortage. Out-of-state registered nurses and licensed practical nurses holding active licenses are now allowed to provide care in Maryland. State nursing programs are now encouraged to allow the earliest graduation possible for qualified nursing students.

Some of these tactics are working, DeMattos said. Additionally, nursing home and other health care employers have learned that three factors can boost recruitment and retention success: astute use of candidate screenings to see if there's a good match between employer and the potential hire; career ladders that show potential employees growth opportunities; and higher pay or bonuses.

"Recruitment and retention bonuses are helping, but they are difficult to sustain financially over time," he said.



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"We are not just competing (for staff) in our sector," says Joseph F. DeMattos, president and CEO of the Health Facilities Association of Maryland. "We are competing broadly across the entire health care sector, and in addition to that there is a shortage."