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**October 2018
Edition**

They Tried to Steal Mom's Money!

By
Philip Kavesh, Attorney

Let me just take a deep breath for a moment and calm myself down. Maybe "steal" is too strong a word. So how about instead I call this article, "They Tried to Cheat Mom Out of Her Money"? You be the judge.

How It All Began

A long time ago my Mom and Dad purchased long-term care insurance policies to protect them against the catastrophic cost of care in their later years, which can run in excess of \$100,000 annually. When my Dad passed, about 10 years ago, I contacted the insurance company to find out what kinds of senior care were covered and was assured that they would pay not only for 24 hour intensive nursing care (the worst case and least likely scenario) but also would cover assisted living (which was far more likely and almost as costly). So I advised my Mom to continue paying the premium. It was a lot, but worth it. Then came the first shock.

In just 2 years, when Mom reached age 85, the premium almost doubled! And, as if that wasn't bad enough, the premium took another big jump when Mom reached 90. (Most people don't realize that very few "traditional" long-term care insurance policies have a fixed or guaranteed premium or a limit on future increases. In fact, the insurance companies plan on these huge increases in later years because, according to what I've read, about 25% of all these policies lapse for lack of payment of premium within 5 years of the insured entering a nursing home!)

Fortunately, Mom could afford the higher premiums and we thought, well we've put years of premium into this and we do want coverage for assisted living, so Mom continued to pay.

Sure Enough, Mom Needs the Policy Benefit

In the past year, Mom, now 93, was diagnosed with Alzheimer's related dementia. Her physical health is remarkably fine - - she can do a daily stretching routine that I

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Living Trust Seminar

**For the public and also
for our existing clients
who want to bring
family or friends!**

**Saturday,
October 6th**
Torrance Double Tree
Hotel
9:00 - 11:30 am
21333 Hawthorne Blvd
Full Breakfast

REGISTER

**Thursday,
October 18th**
Torrance Marriott Hotel
6:30 - 8:30 pm
3635 Fashion Way
Light Refreshments

REGISTER

**Thursday,
November 1st**
Torrance Main Office
9:30 - 11:30 am
990 W. 190th St.
Suite 500
Light Refreshments

REGISTER

**Saturday,
November 3rd**
Torrance Marriott Hotel

9:00 - 11:30 am
3635 Fashion Way
Full Breakfast

REGISTER 

Medi-Cal Asset Protection Seminar

For the public and also for our existing clients who want to bring family or friends!

**Tuesday,
November 13**
Torrance Main Office
9:30 - 11:00 am
990 W. 190th Street
Suite 500

REGISTER 

Office Locations

For your convenience, we have multiple office locations throughout Southern California.

Main Office:

Torrance Office
990 W. 190th St.
Suite 500
Torrance, CA 90502

Other Local Offices:

Pasadena Office
790 E. Colorado Blvd.
9th Floor
Pasadena, CA 91101

Woodland Hills Office
5850 Canoga Ave.
4th Floor
Woodland Hills, CA 91367

Orange Office
333 City Drive West
17th Floor
Orange, CA 92868

Newport Beach Office
5000 Birch St.
Suite 8000
Newport Beach, CA 92660

Contact Us

You may contact us to make an appointment for your initial consultation, to schedule a review of your current estate plan, or to make a referral.



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info@kaveshlaw.com

can't, she takes fewer prescription drugs than I do, and she even walks faster than I do!

She doesn't need intensive nursing care right now. She just has lost some of her cognitive skills, particularly her memory, and does require some help with various activities of daily life ("ADLs", which I'll talk about more later). She has been living in an apartment on her own and repeatedly rejected the notion of some "custodian" living in with her, or coming most of the day into her personal space. But we knew this was not working for her.

So we looked at the option of assisted living, where she could essentially retain her own private space or apartment, but live in a kind of dormitory where custodians are available 24/7 as she may need help. Plus, they have a dining hall where her meals can be made for her and she has lots of group activities throughout the day with the other residents (which not only can help reduce her feelings of loneliness but stimulate her mind and help retard her dementia). They have a nurse on premises 24/7 in case of any future medical crisis and another "wing" of their facility where she can move to for daily skilled nursing care should her health decline. And the facility is close enough for me to visit her like I did when she had her own place. It's a perfect fit for her.

Of course, we shopped and compared assisted living facilities, including their pricing. We made a budget of what Mom could afford without eating too deeply into the principal of her investments. In the process of this budgeting, we went back to the insurance company to re-confirm the benefits they would pay and were told...

"Sorry, She Won't Be Covered!"

The insurance company's customer service department said her policy only covered "long-term nursing care" and not assisted living! I could hardly believe it. So I contacted the company's claims department. I was summarily told the same thing!

I was livid, as Mom had been paying the premium for years, even when it had substantially increased, under the impression that assisted living was covered! So my next step was to demand a copy of the policy so I could verify the coverage limits myself. This is when I got...

The Classic Run Around

The company said they would send me a copy of the policy. I thought, "OK, we'll get to the bottom of this and resolve it."

It took weeks and they finally sent a "summary" of the policy terms, not the actual policy contract. It reiterated that only long-term intensive nursing care was covered. So I called back.

Then I was told they didn't have the original contract! They said their company had acquired the company that originally sold the contract to Mom (not that unusual) and they would have to find and retrieve the contract from their offsite storage because they didn't have a copy on their computer system (not as believable, but possible). So I agreed to wait, again. Weeks more passed and I didn't get it, so I called back.

OUR WEBSITE



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Also, visit our blog to keep up on the latest developments in estate planning.

blog.kaveshlaw.com

This time they had a new excuse. Since I wasn't the policy holder (my Mom was), I wasn't entitled to a copy of the policy. Fortunately, as an estate planning attorney, I had Mom sign a Durable Power of Attorney before she manifested dementia and became legally incapacitated. The company said, "Fine, send it to us and then we'll send you the policy." Well, still no policy came. So I called yet again.

This time the company told me that the matter was being held up in their legal department, which had to do a review of the Power of Attorney and approve my access to policy information. Ok, I thought, but still no policy came.

The next time I called, the company was quite indignant about my request for the policy, claiming it had been mailed to me some time ago. When I double checked where they had sent it, they had mailed it to an old address that my Mom hadn't lived at for years (rather than my address I had given them)! So I suggested e-mailing it to me, right then and there, so I could finally confirm I'd received it.

They told me they couldn't email it, but they could post it on their website, where with a personal log-in I could access it within 48 hours. Well, I'll give you one guess as to whether that worked!

So I called them yet again (how many times is that by now?). They said they could try mailing it to me again, but I had had enough! I asked to be forwarded to their legal department. That immediately caught their attention and I was assured they would overnight mail it and I would get it tomorrow!

After several weeks of attempting to get the contract, which resulted in holding up my decision on the assisted living facility and losing the apartment I preferred for Mom, I finally received the contract.

Lo and Behold!

Once I was able to read the actual insurance contract, here's what it really said... Covered "nursing home care" included assisted living and intermediate nursing facilities and did not require 24/7 intensive nursing care. It just required that a nurse be available on the premises 24/7 to provide that care, if needed. So, the good news is that Mom not only could get a significant benefit to help cover part of the cost of assisted living, but also no longer needed to pay the high premium, as it is waived once she receives benefits. That total amounts to a lot of money, over \$100,000 in just the next few years. And think about this - - if I had not gone through all this effort (which most people won't and the insurance companies know it!) - - Mom would have been cheated out of her money!

There's a Lesson Here

I'm not going to preach about the importance of obtaining long-term care insurance, that's obvious. Maybe you've already looked into it and didn't get it. Maybe you should look again. You may not know that today there are many more kinds of long-term care insurance, other than the "traditional" policy Mom has, and these new ones may be easier to get, less expensive and have a feature which passes any benefits you don't use to your loved ones after

you're gone.

The real lesson here is that, if you have a long-term care policy (or your parents do) you should have it professionally reviewed now, to be sure what coverage you have (or don't!). What's the per day benefit? What's the waiting period before it kicks in? Is there an overall cap on the amount of care paid for? Will it cover in home care or assisted living? How many activities of daily living (ADLs) do you need help with to qualify (such as bathing, dressing, eating, toileting, walking and sitting)? Can the premium go up over time or is there a cap or at least a company history of increases?

There's a lot to look at before you make an informed and intelligent consumer decision - - either about acquiring a new long-term care policy or keeping the one you have. We can help. Contact Robert, at our affiliated financial advisory firm of Pence Wealth Management and schedule a free meeting and analysis. Call Robert NOW at (310) 329-3545!

Second Article

HAPPY BIRTHDAY, KMO!



We're pleased to announce that October 17 marks the completion of the 37th year in business of our law firm of Kavesh, Minor & Otis.

We couldn't have reached this remarkable milestone without all of our great clients over these many years, whom we humbly thank for your support!

Recipes of the Month

Pumpkin Ginger Cupcakes

Prep Time: 20 m - Cook Time: 20 m - Ready In: 1 h 30 m
Servings: 24 - Calories: 211



Ingredients

- 2 cups all-purpose flour
- 1 (3.4 ounce) package instant butterscotch pudding mix
- 2 teaspoons baking soda
- 1/4 teaspoon salt
- 1 tablespoon ground cinnamon
- 1/2 teaspoon ground ginger
- 1/2 teaspoon ground allspice
- 1/4 teaspoon ground cloves
- 1/3 cup finely chopped crystallized ginger
- 1 cup butter, room temperature
- 1 cup white sugar
- 1 cup packed brown sugar
- 4 eggs, room temperature
- 1 teaspoon vanilla extract
- 1 (15 ounce) can pumpkin puree

Directions

1. Preheat an oven to 350 degrees F (175 degrees C). Grease 24 muffin cups, or line with paper muffin liners. Whisk together the flour, pudding mix, baking soda, salt, cinnamon, ground ginger, allspice, cloves, and crystallized ginger in a bowl; set aside.
2. Beat the butter, white sugar, and brown sugar with an electric mixer in a large bowl until light and fluffy. The mixture should be noticeably lighter in color. Add the eggs one at a time, allowing each egg to blend into the butter mixture before adding the next. Beat in the vanilla and pumpkin puree with the last egg. Stir in the flour mixture, mixing until just incorporated. Pour the batter into the prepared muffin cups.
3. Bake in the preheated oven until golden and the tops spring back when lightly pressed, about 20 minutes. Cool in the pans for 10 minutes before removing to cool completely on a wire rack.

Recipe from allrecipes.com

Thank You



Here is a very special thanks to all of our clients who have referred family and friends, or forwarded our newsletter to them! If you are part of a group or club and you would be interested in having us speak to the members on important estate planning topics of interest, please contact us at info@kaveshlaw.com.

Quote of the Month

"It does not matter how slowly you go as long as you do not stop."

- Confucius

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