

Retirement

Many retirees face unexpected bills

By Lee Strong
Associate editor

Tom and Sharon Fictional had looked forward to retirement.

They had saved on a regular basis, and assumed that with Social Security and their savings — along with no longer having to pay work-related expenses or a mortgage — they would be comfortable.

But when retirement came, they discovered a reality that was less than comfortable.

They had not factored into their budget that they would have to pick up the portion of their health insurance that their employers had previously paid.

They hadn't realized that many health plans reduce coverage of prescriptions for seniors, and that they had to pick up a larger portion of the bills. And when Tom had a stroke and needed expensive medications and rehabilitation, and Sharon was hospitalized with pneumonia, the bills grew dramatically as their savings shrank frighteningly.

Meanwhile, as the years progressed, Tom was no longer able to keep up with the home maintenance and yard work that he had enjoyed, and neither he nor his wife had the energy to do all the housework, forcing them to hire others to do the work.

They also had not planned on living as long as they did — and the nest egg that had seemed enough for 10 to 15 years proved an empty shell as their retirement passed the 20-year mark and expenses and inflation ate into their funds.

Finally, they had not anticipated eventually having to move from their home into a nursing home.

Though Tom and Sharon are not real, according to financial planners and senior advocates, many couples and individuals do face similar problems in their retirement years because they were not aware of expenses they might face.

"I've been doing this for 15 years. People are still shocked," acknowledged LouAnn Haney, associate director of Catholic Family Center's Elder Services Department.

For example, Haney noted, most insurance policies decrease the percentage of covered prescription costs for seniors. Thus people who were used to paying only a small portion of their prescription bills suddenly find themselves paying the bulk of them — which, for people with such illnesses as diabetes or epilepsy could mean \$500 to \$600 a month.

Even beyond prescription coverage, most people's health insurance offers only limited help for many types of care, noted Fran Weisberg, president of Lifespan, a nonprofit agency that serves older people.

"One of the biggest areas is that people think their traditional insurance products cover long-term care for chronic illness," Weisberg noted. "You have to buy a special policy."

Nor is Medicare — the federal health-care insurance program for people 65 and over — a help in many cases.

"When we say Medicare is not going to pay for their prescription coverage, they are shocked," Haney said.

And while Medicare pays for hospitalization and stays in skilled-care nursing homes, there are limits on length of stay and type of care covered. Extended home care for people with chronic — but not acute — problems is not covered. An individual who has had a stroke, for example, often has to pay out-of-pocket for regular home visits by a nurse or therapist, or would have to have purchased a special insurance policy to cover what Medicare and traditional policies don't.

Haney added that in New York state EISEP — Extended In-home Service for the Elderly Program — can help ease the problem. The state-funded program helps pay part of the cost for middle-in-

come individuals. She noted that the program is available in every county, and that individuals should contact their local Office for the Aging or comparable agency for more information.

Beyond direct health-care expenses, retirees' health can lead to other unexpected bills, according to Ann Marie Cook, director of finances and conservation services for Lifespan.

"Most people never anticipate becoming more frail and they never anticipate the cost that entails," Cook observed.

Thus retirees find themselves forced to hire people to do the chores they did — shoveling snow, mowing the lawn, cleaning, laundry, cooking, minor repairs. They also often find themselves needing help with transportation, sometimes entailing greater expense, such as taking cabs rather than riding the bus.

"We run into a lot of people who, if they own their own homes, can't keep up with the costs," Haney noted.

Eventually, seniors often reach the point where they can no longer keep up with the obligations and expenses of home ownership — or need more care than they can receive at home — Cook noted. For many a nursing home is the only alternative.

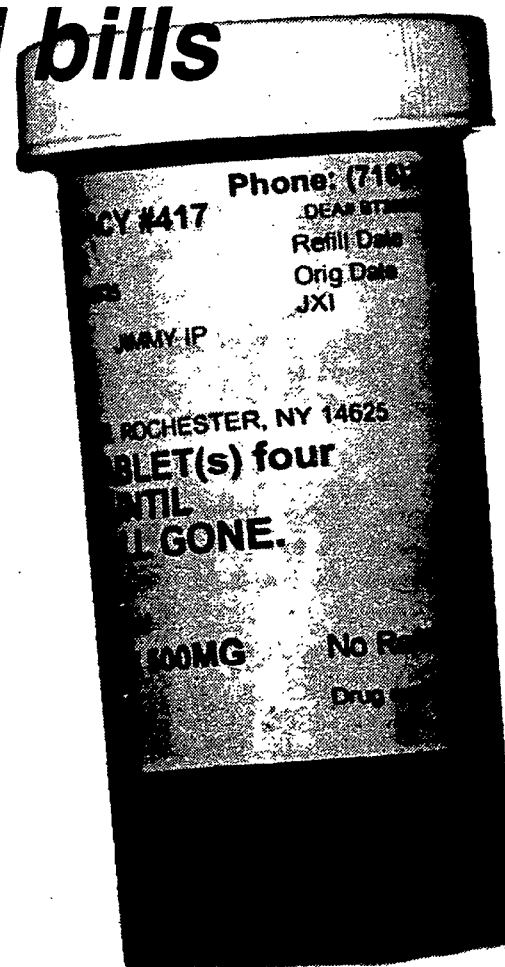
"The biggest questions I receive are when, God forbid, someone needs to go into a nursing home," Cook said. "They are stunned at the cost of care."

She noted that in the Rochester area, nursing home bills average around \$5,000 to \$6,000 a month. But such care is a necessity for many.

"Forty-three percent of older adults who live over the age of 65 will spend some time in a nursing home," she estimated.

Still, retirees and those looking ahead can make some preparations, experts note. They can purchase extended-care insurance or explore options such as EISEP. They can talk with officials at agencies that serve older adults about the availability of grants or other funding sources for such things as home care or home repairs. They can sit down with financial planners to realistically assess their future needs and what they can do to ready for them.

"Most people should begin planning for retirement at least 10 years before they retire," Cook advised.



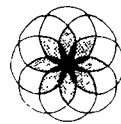
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