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ARE YOU OVER THE AGE OF 18?

Do you think that disability happens to the other guy?

Have you put your legal documents in order?

Are you the parent of a child or children who just turned 18 or will be in the coming year?

Do you realize that once your child turns 18 that you are legally barred from gaining information about your child's financial situation unless you have a signed authorization form?

Have you have talked to your parents, spouse, children about your medical wishes should you have a long term care illness or should you be diagnosed with a terminal condition?

Do you want to be kept alive at all costs should you be in a persistent coma or a vegetative state?

These questions and your answers to them may not put you at ease. I hope they didn't unless you are one of the few who has done some pre-crisis planning. Everyday families are faced with situations that they never dreamed possible. Just recently our firm has

seen two different clients who were under age 25—one of whom was in a serious car accident currently in a coma and needing help to pay for her long term stay at a nursing facility, and the other, who just graduated from college and has been diagnosed with a life-threatening illness.

We each have a tendency to believe that these kinds of things won't happen to us because we're young and healthy. In the first situation the parents had to seek guardianship and conservatorship over their 25-year old daughter and must now seek court approval for every decision they have to make regarding this young lady's life.

The minute you turn 18 years old you are responsible for your self. The decisions you make are your own and simple documents, like having a power of attorney in place that is effective only upon your disability, can save your family time and money should a situation arise like the ones referenced above. Many persons are afraid to put documents in place for fear that their agent will take advantage of them by using the document. My response to that is, "if you are afraid of that person taking advantage of you, then you are naming the wrong person." It is important when doing any type of document that you understand its purpose. Many people do not realize that you can make a power of attorney document only valid upon



your disability. For example, my power of attorney is completed and signed already. It names my spouse to be my agent in my place when I am unable to communicate or handle my own affairs. This document is only valid when my personal physician and a secondary physician state, in writing, that I meet that definition. It allows me to be prepared for the worst possible scenario while protecting myself in the meantime.

If you are over 18 years old and have not put your legal documents in place, won't you consider saving your loved ones time and money. Get your documents done today!

Call 480/464.4968 to schedule your legal document signing today!

Carol Aragon-Montgomery, CDLP

Life Insurance

Life insurance can be a tricky subject with ALTCS. There are many rules governing whether or not life insurance is excluded or counted when determining ALTCS resource eligibility.

Let's explain some of the reasons why life insurance can be complex. **First of all**, life insurance can be either term insurance or whole life insurance. Term insurance is typically a death benefit only with no accumulation of cash surrender value (CSV) and is an excluded resource regardless of the total face value. An exception to this rule is when term insurance is part of a universal life insurance package—which means that it has some sort of investment account attached to the policy. In this case, the term insurance typically has no surrender value, but the investment portion of the account is surrenderable and therefore, available as an asset for ALTCS eligibility. Whole life insurance is a death benefit that earns a CSV over the life of the insured. The insured

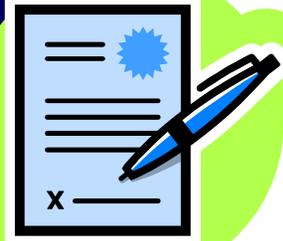
pays a premium during his “whole life” or during a set period of time (up to age 85). While the policy is in force, should the insured die before he's accumulated the face value (FV) of the policy, his beneficiaries receive the face value. During his life he may borrow against or cash in his policy and the insurance company will pay the CSV at his request.

Secondly, insurance companies can be mutual or stock companies. Mutual companies may pay their whole life insured a dividend annually based on that year's profit. Stock companies typically do not pay dividends on their policies.

Thirdly, the insured may take their dividend in four different forms:

- 1) cash,
- 2) as a dividend addition which purchases additional insurance that earns CSV,
- 3) as a dividend accumulation which is set aside like a savings account and earns interest, or

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NEWSLETTER



If you are interested in attending one of these events, please call us for directions.

If you are interested in having Carol speak to your group, please call us to get on the calendar.

Upcoming Speaking Engagements

10/23/07—Old Town Country Buffet

Topic: AHCCCS/ALTCS/Medicare Cost-Sharing

10/25/07—Village Oaks at Mesa

Topic: Long Term Care Planning

11/06/07—Shepherd of the Desert Church SC

Topic: ALTCS

11/06/07—Old Town Country Buffet

Topic: Legal Document Preparation

THANKS TO THE FOLLOWING LOCATIONS FOR INVITING US TO SPEAK TO THEIR GROUPS/RESIDENTS

Medtronic

Merrill Gardens at Apache Junction

Citadel Care Center

St. Joseph's Hospital

Goodman's Furniture Showroom

Life Care Center of Sierra Vista

Grace Bible Church in Sun City

East Valley Committee on Aging

NEWSLETTER

Life Insurance (continued . . .)



surrender value are excluded if the policy itself is excluded.

If the dividend accumulation is chosen, then the accumulation account is always a separate countable asset, even if the policy itself is an excluded asset.

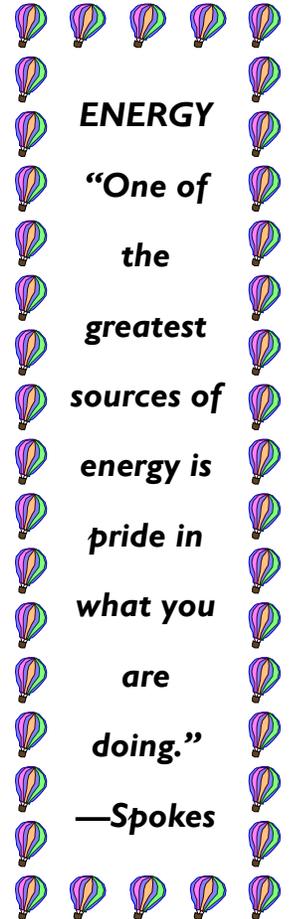
If the payment toward next year's premium is chosen, it doesn't affect ALTCS eligibility at all.

ALTCS must determine the total FV of all life insurance policies owned by the applicant and if married, their spouse. If the total FV of all policies owned by the applicant on each insured is **\$1500.00 or less**, then the policies

are an excluded asset regardless of the CSV (unless the CSV includes a portion that is the dividend accumulation account). If the total FV of all life insurance policies owned by the applicant on each insured is **more than \$1500.00**, then the policies' total CSV is counted toward the current ALTCS resource guidelines.

If you have residents, clients, or patients who are unsure how their life insurance policies will affect their ALTCS eligibility, please send them to Montgomery & Associates, Inc. for an initial evaluation of their particular situation.

480/464.4968



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4) as payment toward the next year's annual premium.

If the cash option is chosen, the check received is counted as income in the month of receipt.

If the dividend addition is chosen, the additional insurance and cash

Employee Achievements



Melissa Pina is the newest addition to our staff at Montgomery & Associates, Inc. Melissa is a Senior at Westwood High School in Mesa.

Melissa will be working as an Administrative Assistant alongside Tiffany, our other Administrative Assistant. Some of the projects she will be working on include updating our database, ensuring accuracy with the data already keyed into our

database, organizing and updating our client's physical files, and general tasks around the office. She is interested in learning more about working in an office environment rather than the retail world and is considering staying with us to learn how to become a technical assistant here at the firm. She hasn't decided what she'll study in college, but is looking forward to graduating in 2008 and continuing her education.

WELCOME MELISSA!!!

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**Let our umbrella of guidance shelter
you from the long term care cost storm!**



Montgomery & Associates, Inc. has been providing quality long term care planning services in the State of Arizona since 2001. Our planning focuses on Arizona's Medicaid Program, AHCCCS, its acute care, Medicare Cost-Sharing & ALTCS programs, the Veterans Administration programs that help pay for long term care, preparation of certain types of legal documents, and financial planning. We want you to know that you can count on us to be a valuable resource for these services.

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Take a look at this month's newsletter!

Please deliver to:
