Founded in 1989

The Post-Polio Support Group of Orange County

# Newsletter

September 2008

The main focus of this issue is financial matters. At our April 2008 meeting Carol Hollembeck provided handouts on what you need to know and do when someone with whom you have financial dependence or interdependence dies. What would be helpful for you to do BEFORE your relative or partner dies? And what are **reverse mortgages** and how do they work? Would taking one be a resonable finacial cushion for you? These are areas of concern for us to consider ***or*** for those who will handling our estates for us. The articles and information are general in content and function and you may need to contact your personal financial advisor who is more familiar with your individual situation.

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## From Patient to Practitioner to Polio Blogger

From her first published article in Feb.,'89, Grace Young has been helping others learn about PPS. She had polio at age 9, After hospitalization with the hot packs and muscle reeducation, she developed a profound interest in anatomy, PT and OT and knew she had found her career path. Loving crafts, she eventual chose OT and received a BS in the field from Washington U in St. Louis before coming to CA.

At about age 39 (c. 1972), she began developing new weakness in her legs. As an OT at Rancho Los Amigos, working with Dr. Jacqueline Perry, she consulted with her about this new weakness. Dr. Perry diagnosed an overuse of the legs and recommended bracing the left one. She was the first doctor to confirm that the polio had affected more than the left leg and while PPS had not yet been a known phenomenon, she told Grace that she was seeing a number of patients with new weakness caused by overuse of the muscles. After working at Rancho for 6 yrs., Grace moved to Kaiser. Her PPS problems were escalating in severity and prompted Grace to return to university for a Masters in Occupational Therapy from USC. As a masters thesis, she developed an educational program for people with PPS. Kaiser gave her freedom to develop classes, space to hold them and administrative support to produce a workbook. She began getting referrals from Kaiser doctors and K-P facilites all over Southern CA (Bakersfield to San Diego).Grace married and then was widowed in 1991, and now living in Fresno, she continued to get K-P referrals for hand therapy and educational programs. She set up a website, but had to abandon it. She has now begun a blog to share her information as an OT and polio survivor with others, which applies to many disabilities in addition to polio. To reach Grace's blog go to **http://www.graceyoung.com.** This is an important resource for anyone with a disability.

# REVERSE MORTGAGES - ARE THEY FOR YOU???

Submitted by Janet Renison

**Reverse Mortgages** are much in the news these days and are far more prevalent than ever before with more and more lending institutions writing them. Seniors on limited budgets, especially those of us on Disability Social Security incomes, have often either investigated or signed up for one. For those of you who have not personally done so but wondered about this option, PPSG of OC feels it is timely to provide our members with some general information about them. This article is not a recommendation, it is informational only. You should discuss a Reverse Mortgage with your tax advisor before making any decisions as they can be very expensive options.

## What is a Reverse Mortgage?

It is money that is pulled from the equity in your home. You are, in essence, borrowing against your home's value. It is tax free, requires no income, medical or credit requirements and no repayment. You will retain ownership of your home for as long as you remain in it and pay both insurance and real estate taxes as they come due. You may do whatever you wish with the money obtained. There are no restrictions on its use once it has been awarded.*

## Why would one borrow against one's home?

### Doesn't that increase your payments?

Your mortgage payments, if you owe any money, stop. They stop because one of the features of a RM is that until you vacate your home (usually for more than a 12 months period) or sell it, no monies are required to repay what has been borrowed. However, if your home is not yet totally paid off, one of the features of a Reverse Mortgage, is to pay off any existing loans. If the equity in your home is less than owed on your mortgage these plans are not for you.

## Who funds these loans?

There are many financial institutions now offering Reverse Mortgages. They are guaranteed by the government through Fannie Mae. They may be funded secured by a single family home, a townhouse or a condominium. Cooperatives have a whole different set of requirements, much lower funding values and more restrictions so they will not be discussed in this general article. There are some financial institutions who will do RMs on coops, but far fewer.

## How will the money be paid to me?

If you elect to do a Reverse Mortgage, you will be given three main payout options. You may take the money in one or a combination of these three options. They are: Lifetime monthly payments, a line of credit or the entire lump sum.

## What are the factors that determine the amount you may get in a RM?

The minimum requirements are: Age (you must be at least 62), have equity that is more than the mortgage owed. Actuarial tables are used to determine what you will likely use in the 20 year period after the RM is awarded. The total amount currently used to compute RM's is capped at $362,790.00 which is less than many homes in California are valued. This might not apply in states where home values are less. This cap has been changed upward as home values nationally are rising. The current home value declines may also change this figure, downward, in many areas of the country. In California, where the average home or condominium value exceeds this amount, that is unlikely.

## What if I am married?

If you own the house in joint tenancy, your spouse or partner must also be age 62 to participate in the program. Should your mate not be the minimum age, you would need to amend your ownership if you, alone, wish to obtain a RM. Is that possible? Yes, but please consult your tax advisor before doing anything as the consequences may make the RM far less beneficial to you both.

## If we are both over 62 but differing ages?

The RM will be computed using the age of the younger of the individuals who are applying for it. As it is based on life expectancies, when one partner is younger, it is assumed that person will live longer than the elder so it will lessen the total amount of the loan to accommodate those additional years.

## What are the costs?

The costs to borrow against your home are considerable so it is something which must be carefully considered. I will use my situation as an example. When I first investigated RMs, I was 62. I did it again this past year. The amount I could borrow the first time was considerably less because the value of my condo was less and my life expectancy longer. The initial costs were approximately $16,000 the first time and nearly $20,000 this past year. That was BEFORE I ever got any money for myself. Had I owed anything on my house, which is paid off, my award would have been reduced further by the amount needed to pay off the loan against it. Had I taken the money in a monthly payment, it would have netted me about $900 per month. This amount would have continued without cessation even had I exceeded the normal life expectancy built into the financial instrument. The second time I inquired, the monthly amount was several hundred dollars more per month. That makes a big difference, so clearly you would want to wait as long as possible before enacting a Reverse Mortgage so that you can maximize your potential income.

## Can you do more than one RM?

Yes, it is possible to do RMs more than once during the life time of the loan. I heard that one elderly man did five over the life of his loan. However, I would suspect that the costs were pretty significant each time the loan was reconfigured so it might make it very undesirable if your intent is to leave the remaining value of your property to your heirs as an inheritance.

Since the maximum allowable loan is considerably less than the total value of my home, my two children will have the option of paying off the loan amount and retaining ownership of my home or selling it and paying off the loan at that time. My home, which is in Laguna Woods Village (formerly Leisure World), is in a very desirable location and there will always be considerable equity for them.

## Why are the costs so high?

There are several factors that contribute to the total cost of the loan. The first is the bank needs to make a profit so they will charge finance charges on the loan amount sufficient to allow that. In addition, since Fannie Mae guarantees these loans, they require that you place funds into a non-refundable account which is used to cover the costs for those folks who OUTLIVE the estimated period of life expectancy. This is approximately the same as the finance costs that the financial institution is going to charge you, hence the $16,000 or $20,000 upfront costs I mentioned when I investigated this option the two times in question. Keep in mind, I had earlier stated that the monthly payment, should you elect that option, will continue as long as you live in your home regardless of that time period. Some people live well beyond the norm and this fund pays for their continued monthly benefit.

### If I don't live as long, do I get a refund?

Actually, your heirs do get some of that money back. It depends on the period of time for which you draw a benefit. That pool, as it was explained to me, draws down at a fixed rate. If you lived for only a short time after initiating the RM, your costs from that fund would be far less than the amount required to be placed in it, which is also based on a 20 year life expectancy. It would allow a refund of some of that money placed in trust. Once again, ask your tax advisor for specifics for yourself as they differ from person to person.

### What happens to the money if I take a lump sum or a line of credit and don't use any or very much of it?

Clearly, you have the option of willing or putting in trust for your heirs any assets you own at the time of your death. That money would be there for them to use as they choose. They could repay a portion of the outstanding loan (since, keep in mind, you would have had your finance and trust fund monies drawing against your total loan amount). Your heirs could then, as I mentioned, refinance the rest of the loan repayment since the equity exceeds the loan amount or just sell the property outright.

### Are there any other requirements necessary than those listed above?

Yes. You are required, per Fannie Mae, to go through a counseling session to help you determine if this is the best avenue for you to take to secure your finances. AARP publishes a very helpful booklet that you may request on line. You will be assigned a counselor by the funding institution. I have to tell you, it was night and day between the two with whom I spoke. The first, an AARP rep, was extremely knowledgeable. The second, outsourced to a job shop by the lending institution, had a specific script and too bad if you had a question in the middle of her spiel. If you were able to jot down the question fast enough to remember to ask it at the end, you MIGHT get an answer. If given a choice, go with the AARP option. They have no "ax to grind" and the people I spoke to with that organization were very well informed. But, first, get the copy of their book on Reverse Mortgages.

### Did I elect to do the Reverse Mortgage after all this investigation?

No. I decided that $20,000 to initiate a financial cushion to give me a bit more financial flexibility was far too high. I had no real financial need and had been considering the Line of Credit option which gave me the greatest flexibility. I will always have this option available in the future if my situation changes but, at this time, I decided it is not cost effective. If I have a major need for cash in the future, I can rethink that decision, and while property values are not going up, in fact the value of my home has declined, my age is going up so it will probably be a wash and if I can outwait the housing market until the value rebounds, I could get more money. The costs will commensurately increase, but it will still be waiting in the wings if I should need it.

* If you take only a monthly allotment, you will have access to only that monthly benefit amount.

####

# What to know before the Money-Knowledgeable Spouse Dies (or Elderly Relative)

1. **Do we have a will?**
a. Where is it? b. When was it last updated?
c. How does it provide for me?
How can I control what will be mine?
d. Who is the executor?
2. **Do we have a An Advanced Medical Directive?**
a. Where is it?
b. Has each spouse legally recorded his/her wishes for terminal health care?
c. Who is to make the decisions if the person is unable to?
*(Even if your wishes are recorded, a relative may try to override them)*
**3. Do we have a safe deposit box?**
a. Where is it? b. Where are the keys?
c. Who else has access?
d. Who else should have access?
e. What is in the safe deposit box?
**4. Where are the last income tax records?**
a. How often do we have to pay income tax?
b. When are these payments due?
c. Who helped prepare our last taxes?
Address? Phone?
d. Where are the copies of these records?
**5. Where are our mortgage papers?**
a. When is our mortgage payment due?
b. Where is the schedule of payments?
c. What is our interest rate?
d. When will we have completed paying off our mortgage? E. Where is the deed to the house?
**6. Have we any outstanding debt?**
a. Credit card debt? b. Loans?
c. Where are any loan papers?
**7. Do we have any bank accounts? Credit cards?**
a. Which banks? b. Can I write checks?
c. Which credit cards?
d. Do I have credit in my own name?
(At least one credit card in the woman's name)
**8. Do we have a trust?**
a. How does it work? b. Who benefits? How?
c. How do we put assets into this trust?
d. Who set up this trust? Name?
Address? Phone?
f. Where are the copies? g. Who is the executor?
**9. Where are the titles (pink slips) to the cars?**
a. In whose name are the cars?
b.What does DMV need to transfer ownership?
**10. Do we have insurance policies?**
a. Where are the insurance papers?
b. What kind of insurance? c. Who benefits?
d. What are the companies who issued the policies? Who are the local agents?
Names: Addresses: Phones:
**11. Do we own any real estate other than our home?**
a. What do we own?
b. Where are the legal papers? (Leases, deeds?)
c. Who are the tenants?
d. Where are the records of their payments?
e. Who collects the rents?
f. If I need to remove a tenant, who helps?
**12. Do we own stocks, bonds, options, funds, IRAs?**
a. What do we own?
Kind of investment? Approximate value?
b. Who is our broker? Address: Phone:
c. In whose name are these investments?
**13. Do you have pension fund income, 401Ks, ESOP programs?**
a. Who pays the pension?
b. What are the terms of the pension?
Are there benefits to the spouse if the person who earned the pension dies or does the pension end? Are medical benefits attached to the pension? Will they cease?
c. How much is in these programs?
d. How do you reach the company responsible?
Department Phone:
14**. Do you have Social Security?**
Who do you contact on a spouse's death?
15. **Are there important computer records?**
What are the computer passwords?

## .....

# What to Do First

**When the Spouse (or Elderly Relative) dies:**

**1. Before you notify the bank, go to the safe deposit box.**
(If death is pending, go before the death occurs.) Withdraw the will, the insurance papers, the trust papers... anything having to do with finances. Eventually you will notify the bank by taking them a death certificate. The bank will lock the box and you will not be allowed to take anything out. When the estate is settled, the bank will then reopen the box in your name.

**2. Contact the insurance companies.**
Provide death certificates. Report the death and request that the beneficiaries be paid. This will give you money to meet immediate expenses.

**3. Obtain enough copies of the death certificate** (issued by the County government.) You will need one for every lawyer, company, bank, broker, government agency apt to be involved. Some of these may accept photocopies, but most will want originals. Usually the mortuary will give you a few original copies, but never enough. You have to request more from the county and pay for them.

**4. Notify Social Security of the death to prevent continuation of that person's monthly check.** Otherwise you not only have to repay the money, you have to pay interest and may have to pay penalties.

## *Things to do in the following few weeks.*

**5. Make appointments with the lawyers that created your will or trust.**
Discuss with them the provisions of these legal papers and see that they are carried out by the executor. Set up a new will or revised trust to cover the changed circumstances. Ask for any explanations you need until you are satisfied that you understand and that your wishes have been acted upon.

**6. If your home is in joint name, and you have a mortgage, contact the mortgage holder and have the deceased person's name removed from ownership.**
If there is no mortgage, contact the county and have the registration of the deed changed. If the house is in a trust, you will not need to do this.

**7. Contact your financial planner or broker.**
Discuss with him the kind of investments that you have and the type that you feel most comfortable with and understand. Security is most important for older folks. Growth is always nice, but more important for younger people with children to educate and longer lives to live.

**8. Income tax.**
If you are paying quarterly payments, you will have to pay the same amount that you have been paying each quarter for this fiscal year when it is due. (A suggestion: pay the state quarterly payment due January15 before December 31, so you can deduct the payment from this year's income tax.) Keep detailed records of any income you receive and any charitable contributions you make and the acknowledgements for these gifts so your tax accountant can help your prepare next year's taxes.

**9. Controlling debt**
Don't miss a payment if there is a debt. If there is a large credit card debt, consider an equity line of credit on your home to pay off the credit cards, giving yourself a lower rate of interest which is also deductible from your income tax. (Credit card debt is not deductible.)

**10. If your cars are in joint name, notify the DMV by sending a copy of the death certificate.**
If they want an original, they will notify you.

**11. Notify your spouse's employer regarding pension payments, 401Ks, ESOP programs, etc.**
They will tell you what to do, if anything.

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*Our thanks to Carol Hollenbeck for these valuable guidelines.*

Obituary from the San Diego Union Tribune

## Mary Clare Schlesinger passed away on January 8, 2008.

She was an organizer and activist for polio survivors. She was the facilitator for the North County Post Polio Support Group and was one of the founders of the La Jolla support group. She organized several symposia on post polio syndrome that brought nationally recognized doctors to San Diego. Mary Clare wrote and edited a newsletter for polio survivors for several years. She worked extensively to keep the medical community aware of post polio.She combined her love of dogs with her wish to help the disabled with her association with *Paws'itive* teams, that trains service dogs for disabled people in San Diego. She will be deeply missed by all those lives she touched. A memorial service was held at the Salk Institute on Monday Jan. 14.

Submitted by her husband, Steve

### How to contact Rancho Support Group:

The Rancho Los Amigos Post-Polio Newsletter is published as a joint venture with the Polio Survivors Association.

For additional information please call Richard at **562-862-4508**

Or email us:
**Rancho PPSG@hotmail.com**

### How to contact the OC Support Group

Call us for information:
Marte Fuller **562-697-0507**
Marilyn Andrews **714-839-3121**

**Newsletter co-editors**:
*Baldwin Keenan* 949-857-8828 keenanwhelan@cox.net
*Janet Renison* 949-951-8613 renison@cox.net

***Agenda ideas for PPSG of OC?***
Please call Aleta at 949-559-7102 or email Priscilla at prisofoc@aol.com

We very much appreciate donations. We will mention donors but not the amount, as all donations make our support group possible. Please write checks to **Polio Survivors Association** and write "Orange County" in the memo section. Please mail checks to Priscilla Hiers, Treasurer PPSG of OC, 18552 Cork Street, Fountain Valley, CA, 92708.

## Rancho Los Amigos Meeting

# "Dealing with Anger"

with Deborah Levan

**Saturday September 27**

## Orange County Meeting

# Reverse Mortages

Bob Mc Latcher

**Saturday September 13th**

**2 pm - 4 pm**

Villa Park City Council Chambers

***Future Rancho SG Meetings***

Satuday October 25 2-4 PM

**How to Handle the Holidays**

with Deborah Levan

For Information please call
Diane Ekonen 562-861-8128
or Richard Daggett
562-862-4508

***Future PPSG of OC Meetings***

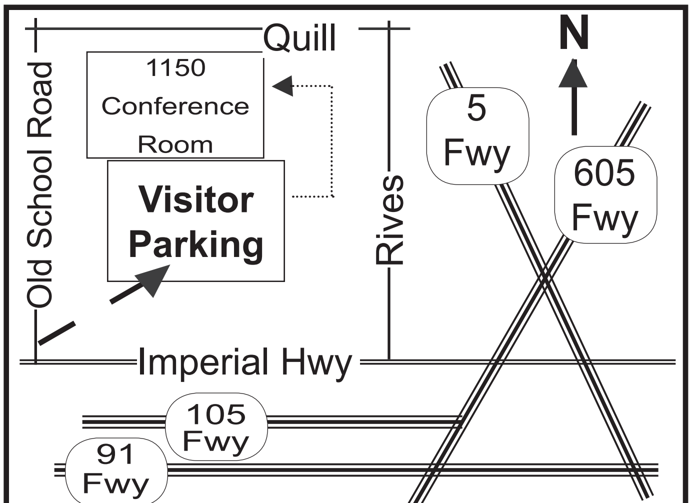
Saturday October 11 2-4 PM

**Workshop**
**on Polio Short Stories**

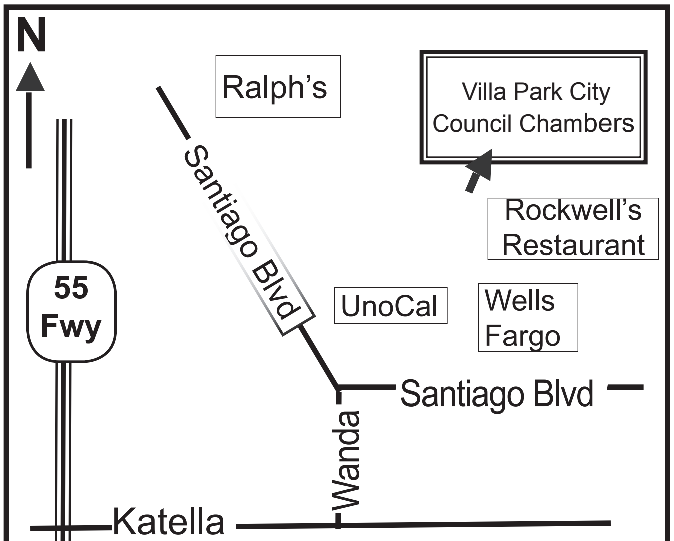
Conducted by Patricia Folkerth

Saturday November 8 2-4 PM

**Positive Outcomes in post-polio occupational therapy** and her PPSG of OC Oral History Project presented by Kathleen Shanfield OT




We meet **4th Saturdays 2 - 4 PM**
Rancho Los Amigos
National Rehabilitation Center
7601 E Imperial Hwy Downey
1150 Conference Room
***Support Service Annex***




We meet **2nd Saturdays** 2 - 4 PM
**Villa Park City Council Chambers**
**17855 Santiago Blvd. Villa Park**
**May** meeting usually 3rd SUNDAY
***December** at Rancho in Downey*