Caregiving: Care for Loved Ones, Plan for Yourself
Challenging Decisions, Scope of Responsibility

- People put off thinking about the aging process until called upon to serve as a caregiver.
- Situations that trigger a higher level of care are not always predictable.
- Advance planning can help you make better decisions and remove roadblocks.
- Be prepared to act as your loved ones would.
- Have certain key documents in place.
- Know which advisors to consult.
- Have the discussions you might not have had.

Morgan Stanley has the resources to help you reach informed decisions to be an effective caregiver.
What Are Your Goals as a Caregiver?

Your thoughts might be ...

• We’ve got to preserve our family’s assets and manage them prudently.

• I want Mom to be able to stay in her home for as long as possible.

• Will my retirement savings last my whole life?

• I want my parents’ legacy to pass on as they intended.

• Mom is aging – will there be extra money to help her out?

• I want Dad to be somewhere safe, comfortable and nurturing.

• There must be a way to reduce administrative burdens on my family.
Being an Effective Caregiver

Key Steps to Take

1. Assemble a team of professionals
2. Take measures to prepare for the future
3. Understand when a change in living arrangements might be necessary
4. Select residential options
5. Determine who pays for what
1. Assemble Your Team of Professionals

Build a Circle of Trusted Advisors

- You may or may not need all these professionals; but, you’re almost certainly going to need some of them.
- Determine which one(s) can help you achieve the caregiving goals you set for yourself.
2. Take Measures to Prepare for the Future

Have the Authority to Make Decisions for Your Loved Ones

**DURABLE POWER OF ATTORNEY**
- Provides you with the authority to make legal and financial decisions on behalf of a loved one when he or she is unable to do so

**LIVING WILL**
- Spells out whether your loved one wants to have extraordinary measures taken to prolong his or her life
- Also known as “advance directive”

**HEALTH CARE PROXY**
- Essentially a medical power of attorney
- Provides you with the authority to make medical decisions on behalf of a loved one
2. Take Measures to Prepare for the Future

Act While Loved Ones Can Still Live Independently

PERSONAL SERVICES
- Compile a list of people who provide services to your loved ones – plumbers, heating specialists, landscapers, etc.
- Keep track of expenses and review mail, if necessary

FINANCIAL SERVICES
- Arrange to be cc’d on statements and other financial documents
- Review credit card invoices and supervise or make payments
- Set up direct deposit for Social Security and other recurring payments
- Meet with Financial Advisor so you can understand investment issues

ACCOUNTING AND LEGAL SERVICES
- Stay current on tax filings
- Make estimated tax payments as required
- Review estate planning documents to make sure they are current

RESIDENTIAL SERVICES
- Scout out residential resources in your community
- Research or volunteer with local programs for the elderly
- Consider distance of various facilities from you and other family members
2. Take Measures to Prepare for the Future

Create or Refine an Estate Plan

- Lack of formal estate planning can result in excessive taxation and family turmoil.
- Consider with family members and an estate planning attorney:
  - How are various assets titled?
  - Who will serve as executor?
  - Is there a strategy in place for the transition of a family business?
  - Who owns life insurance policies and should they be placed in an Irrevocable Life Insurance Trust?
  - Is a gifting strategy in place to remove assets and appreciation from the estate?
  - Do various beneficiaries have the ability to manage assets?
  - Are there children from a previous marriage?
  - What about philanthropic organizations?
3. Understand When a Change in Living Might Be Necessary

Being watchful for changes ...

Depending on circumstances, recognizing the signs may become obvious quickly or evolve over a long period.

1. Declining health, including symptoms of dementia and depression
2. Insufficient home maintenance
3. Decreasing mobility
4. Increasing isolation
5. Deteriorating personal hygiene
3. Understand When a Change in Living Might Be Necessary

Choosing a Home Care Provider

<table>
<thead>
<tr>
<th>Type of Care Required</th>
<th>Caregiver Options</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PHYSICIAN-DIRECTED CARE</strong></td>
<td></td>
</tr>
<tr>
<td>• Physical Therapy</td>
<td>Professionally-licensed caregiver – i.e., registered nurse, physical therapist, etc</td>
</tr>
<tr>
<td>• Occupational Therapy</td>
<td></td>
</tr>
<tr>
<td>• Respiratory Therapy</td>
<td></td>
</tr>
<tr>
<td><strong>ACTIVITIES OF DAILY LIVING</strong></td>
<td></td>
</tr>
<tr>
<td>• Eating</td>
<td>Certified Nurse Assistant (CNA)</td>
</tr>
<tr>
<td>• Bathing</td>
<td></td>
</tr>
<tr>
<td>• Dressing</td>
<td></td>
</tr>
<tr>
<td>• Toilet</td>
<td></td>
</tr>
<tr>
<td>• Walking / Mobility</td>
<td></td>
</tr>
<tr>
<td><strong>OTHER ACTIVITIES</strong></td>
<td></td>
</tr>
<tr>
<td>• Shopping</td>
<td>Some CNAs but insurance may only pay for activities related to daily living</td>
</tr>
<tr>
<td>• Housekeeping</td>
<td></td>
</tr>
<tr>
<td>• Cooking</td>
<td>Non-CNAs and senior-oriented businesses providing companionship and assistance with errands</td>
</tr>
<tr>
<td>• Laundry</td>
<td></td>
</tr>
<tr>
<td>• Transportation</td>
<td></td>
</tr>
</tbody>
</table>
3. Understand When a Change in Living Might Be Necessary

Hiring a Home-Care Provider

Staying at home is a desire of many seniors. Nearly 90% of those over 65 indicate they would like to stay in their homes as long as possible.¹

Important Considerations

Agencies

- Is there a system to verify and maintain staff credentials and training?
- What types of background checks does the agency conduct?
- Can the agency file health insurance claims on behalf of their clients?
- Will the agency be able to handle scheduling, payroll tax, workers’ compensation and other liability issues?

Informal Care

When choosing to pay a family member, friend or acquaintance, check with an elder law attorney to determine whether the independent contractor or acquaintance you hire is eligible for insurance reimbursement.


3. Understand When a Change in Living Might Be Necessary

Beyond Independent Living: What Are Your Options?

Combining Households

- If you’re going to live together, is there enough room for both of you to maintain privacy?
- Does space have to be altered to make it accessible?
- Will your loved one be isolated or is there an opportunity for social and cultural activities?
- What about family dynamics? Do they support this type of arrangement?
- Be honest. Given your own life demands, can you really take this on?
4. Select Residential Options

A Continuum of Care

- Independent Living
- Assisted Living
- Skilled Nursing Facility

CONTINUING CARE COMMUNITIES
4. Select Residential Options

Living in an Independent Community

- Residents live in their own apartment, cottage or room and convene in a dining room for meals
- Transportation to shopping areas, doctors and cultural events is provided
- Residents are responsible for their own medications and care arrangements
- Medicare and other healthcare plans will not pay for room and board at an independent living facility; but, may pay for personal care services due to medical necessity
4. Select Residential Options

Living in an Assisted Living Facility

- Residents live in a room or apartment, often with no kitchen facilities, and convene in a dining room for meals
- Most residents need some level of personal care
- Facilities are typically staffed by certified nursing assistants and medication technicians. A registered or licensed practical nurse may also be available during designated hours
- Some facilities maintain a memory care unit with special care for patients with Alzheimer’s or other forms of dementia
4. Select Residential Options

Living in a Skilled Nursing Facility

- Round-the-clock nursing care from registered nurses
- Physical, occupational and speech therapy capabilities are provided
- Nurse assistants give resident help with bathing, dressing, feeding, toileting functions and mobility
- Nursing homes may or may not be skilled nursing facilities; it is important to determine what services are offered
4. Select Residential Options

Living in a Continuing Care Community

- Combines independent living and assisted living in one facility
- Skilled nursing care may also be available, although often it’s not at the same residence
- Residents move from one level of care to the next as needs warrant
- Entry fees can be higher than other care facilities
The long-term care costs listed below are national averages. Figures vary widely by location and level of care required. Average monthly care for assisted living, for example, can range from $2,288 in Missouri to $5,994 in New Jersey and $6,000 in Alaska\(^{(1)}\)

<table>
<thead>
<tr>
<th>Care Type</th>
<th>In-Home Care</th>
<th>Nursing Homes (semi-private)</th>
<th>Nursing Homes (private)</th>
<th>Assisted Living (private)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hourly Rate</td>
<td>$14 – $24 / hour</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Daily Rate</td>
<td>$112 – 192 / day(^{(2)})</td>
<td>$181 / day</td>
<td>$205 / day</td>
<td>$90 / day(^{(2)})</td>
</tr>
<tr>
<td>Monthly Rate</td>
<td>$3,360 – 5,760 / month(^{(3)})</td>
<td>$5,430 / month(^{(3)})</td>
<td>$6,150 / month(^{(3)})</td>
<td>$3,823</td>
</tr>
</tbody>
</table>

### 5. Determine Who Pays for What

**Long Term Care Sources Are Available on Limited Basis**

#### MEDICARE
- Up to 100 days of skilled nursing care at an approved nursing facility, provided
  - A physician certifies that the patient requires skilled nursing or rehabilitative services
  - The patient enters the facility within 30 days of release from a hospital
- Home health care: a physician certifies that the patient is confined to home and needs skilled nursing or rehabilitative care
- 80% of durable medical equipment – wheelchairs, hospital beds, etc.

#### SOCIAL SECURITY
Disability payments may:
- Be available to those who can’t perform gainful work as a result of disability that is expected to last for at least 12 months or end in death
- End when normal Social Security payments begin, unless the patient qualifies for Supplemental Security Income – a program for disabled people over age 65 with limited income and assets

#### MILITARY RETIREE/VETERANS’ BENEFITS
- Benefits are available to dependents and survivors of deceased veterans
- Eligibility includes compensation for disability, pensions based on income, medical and age criteria, health care, home loans, burial benefits and more
- Ideally, find a community resource person who is familiar with the Veterans Administration application process. Be aware that it’s illegal to charge a fee to help apply for benefits.
- Tricare provides health insurance coverage to retired members of the uniformed services, their spouses and children.
5. Determine Who Pays for What

Long Term Care Insurance

- Long-term care insurance can provide coverage for nursing home care, assisted living facilities, home care and community-based care.

- Most policies routinely cover “functional” infirmities (such as needing substantial help to dress), physical impairment (such as a stroke) and severe cognitive impairment (such as Alzheimer’s disease).

- Cost is typically a function of:
  - Monthly benefit amount
  - Benefit period
  - Elimination period
  - Inflation Protection

Source: The 2012–2013 Sourcebook for Long-Term Care Insurance Information, American Association for Long-Term Care Insurance
A number of life insurance providers offer whole life or universal life policies that accelerate benefits for long-term care, if you need them.

- Policies can provide you with benefits to meet long-term care expenses, while providing beneficiaries with a traditional death benefit.
- For additional cost, some policies return your premiums, if you decide you no longer want long-term care coverage.
- Some policies are available on a single premium basis.
- All policies offer a choice of elimination period and may offer inflation protection riders.
- These policies are typically more expensive than traditional long-term care coverage.
Take Care Before You Assume Caregiver Responsibilities

58% of those providing care-related financial assistance have had to tap into their discretionary spending.

Source: Genworth 2014 Cost of Care Survey.

1 OUT OF 3 Caregivers spend 30 or more hours a week caring for chronically ill, disabled or aged family members.

Source: Genworth 2014 Cost of Care Survey.

46% of those providing care for others have noticed a decline in their personal health and well-being.

Source: Genworth 2014 Cost of Care Survey.
As soon as you realize that planning your loved one’s future is becoming a priority, consider other ways that could help you:

- Call a family meeting—Get as many family members involved; include the people for whom you’re caring
- Designate a person for each task—Sharing the responsibilities can be smart
- Look into community services—Enlist support services, such as senior centers, meal providers, etc., to offer assistance with many day-to-day tasks
- Consult with a geriatric care manager—Seek help to guide you to appropriate resources and determine cost
- Plan for your own future beyond retirement—Make critical and sound decisions as early as possible

Getting old is not for sissies.
Bette Davis

Neither is caregiving.
Morgan Stanley
We Can Help You Move Forward with Clarity and Confidence

MANAGING YOUR FINANCES WISELY

Organizing your finances is a process that takes time and patience

RESPONDING TO YOU AND YOUR QUESTIONS

We listen to your needs and answer all your questions

DELIVERING CUSTOMIZED SOLUTIONS

We offer personalized guidance and solutions to help you take control of your finances and your life
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**Morgan Stanley Wealth Management** is the trade name of Morgan Stanley Smith Barney LLC, a registered broker-dealer in the United States.

**Adverse Active Alpha (AAA)** is a patented screening and scoring process designed to help identify strong stock picking equity managers with characteristics that may lead to future outperformance relative to index and peers. While highly ranked managers performed well as a group in our Adverse Active Alpha model back tests, not all of the managers will outperform. In addition, highly ranked managers can have differing risk profiles that might not be suitable for all investors. Our view is that Adverse Active Alpha is a good starting point and should be used in conjunction with other information. Morgan Stanley Wealth Management's qualitative and quantitative investment manager due diligence process are equally important factors for investors when considering managers for use through an investment advisory program. Factors including but not limited to, manager turnover and changes to investment process can partially or fully negate a positive Adverse Active Alpha ranking. Additionally, highly ranked managers can have differing risk profiles that might not be suitable for all investors. For more information on AAA, please see the Adverse Active Alpha Ranking Model and Selecting Managers with Adverse Active Alpha whitepapers. The whitepaper are available from your Financial Advisor or Private Wealth Advisor. **ADVERSE ACTIVE ALPHA** is a registered service mark of Morgan Stanley and / or its affiliates. U.S. Pat. No. 8,756,098 applies to the Adverse Active Alpha system and / or methodology.

**The Consulting Group Capital Markets Funds, Firm Discretionary UMA Model Portfolios**, and other asset allocation or any other model portfolios discussed in this material are available only to investors participating in Morgan Stanley Consulting Group advisory programs. Depending upon which advisory program you choose, you will pay an asset-based wrap fee every quarter (“the Fee”),
which may be up to 2.5%. In general, the Fee covers investment advisory services, the execution of transactions through Morgan Stanley, custody of the client’s assets with Morgan Stanley, and reporting. In addition to the Fee, you will pay the fees and expenses of any funds in which your account is invested. Fund fees and expenses are charges directly to the pools of assets the fund invests in and are reflected in each fund’s share price. These fees and expenses are an additional cost to you and will not be included in the Fee amount in your account statements. For additional information on the Morgan Stanley Consulting Group advisory programs, see the applicable ADV brochure, available at www.morganstanley.com/ADV or from your Morgan Stanley Financial Advisor or Private Wealth Advisor. To learn more about the Consulting Group Capital Markets Funds, visit the Funds’ website at www.morganstanley.com/cgcm. Consulting Group is a business of Morgan Stanley.

TRAK CGCM Program Asset Allocation Models There are model portfolios corresponding to five risk-tolerance levels available in the TRAK CGCM program. Model 1 is the least aggressive portfolio and consists mostly of bonds. As the model numbers increase, the models have higher allocations to equities and become more aggressive. TRAK CGCM is a mutual fund asset allocation program. In constructing the TRAK CGCM Program Model Portfolios, Morgan Stanley Wealth Management uses, among other things, model asset allocations produced by Morgan Stanley Wealth Management’s Global Investment Committee (the “GIC”). The TRAK CGCM Program Model Portfolios are specific to the TRAK CGCM program (based on program features and parameters, and any other requirements of Morgan Stanley Wealth Management’s Consulting Group). The TRAK CGCM Program Model Portfolios may therefore differ in some respects from model portfolios available in other Morgan Stanley Wealth Management programs or from asset allocation models published by the Global Investment Committee.

529 Plans - Investors should carefully read the Program Disclosure statement, which contains more information on investment options, risk factors, fees and expenses, and possible tax consequences before purchasing a 529 plan. You can obtain a copy of the Program Disclosure Statement from the 529 plan sponsor or your Financial Advisor. Assets can accumulate and be withdrawn federally tax-free only if they are used to pay for qualified expenses. Earnings on nonqualified distributions will be subject to income tax and a 10% federal income tax penalty. Contribution limits vary by state. Refer to the individual plan for specific contribution guidelines. Before investing, investors should consider whether tax or other benefits are only available for investments in the investor’s home state 529 college savings plan. If an account owner or the beneficiary resides in or pays income taxes to a state that offers its own 529 college savings or pre-paid tuition plan (an “In-State Plan”), that state may offer state or local tax benefits. These tax benefits may include deductible contributions, deferral of taxes on earnings and/or tax-free withdrawals. In addition, some states waive or discount fees or offer other benefits for state residents or taxpayers who participate in the In-State Plan. An account owner may be denied any or all state or local tax benefits or expense reductions by investing in another state’s plan (an “Out-of-State Plan”). In addition, an account owner’s state or locality may seek to recover the value of tax benefits (by assessing income or penalty taxes) should an account owner rollover or transfer assets from an In-State Plan to an Out-of-State Plan. While state and local tax consequences and plan expenses are not the only factors to consider when investing in a 529 Plan, they are important to an account owner’s investment return and should be taken into account when selecting a 529 plan. Lifestyle Advisory Services: Products and services are provided by third party service providers, not Morgan Stanley Smith Barney LLC (“Morgan Stanley”). Morgan Stanley may not receive a referral fee or have any input concerning such products or services. There may be additional service providers for comparative purposes. Please perform a thorough due diligence and make your own independent decision. Residential mortgage loans/home equity lines of credit are offered by Morgan Stanley Private Bank, National Association, an affiliate of Morgan Stanley Smith Barney LLC. With the exception of the pledged-asset feature, an investment relationship with Morgan Stanley Smith Barney LLC does not have to be established or maintained to obtain the residential mortgage products offered by Morgan Stanley Private Bank, National Association. Interest-only loans enable borrowers to make monthly payments of only the accrued monthly interest on the loan during the introductory interest-only period. Once that period ends, borrowers must make monthly payments of principal and interest for the remaining loan term, and payments will be substantially higher than the interest-only payments. During the interest-only period, the total interest that the borrower will be obligated to pay will vary based on the amount of principal paid down, if any. If a borrower makes just an interest-only payment, and no payment of principal, the total interest payable by the borrower during the interest-only period will be greater than the total interest that a borrower would be obligated to pay on a traditional loan of the same interest rate having principal-and-interest payments. In making comparisons between an interest-only loan and a traditional loan, borrowers should carefully review the terms and conditions of the various loan products available and weigh the relative merits of each type of loan product appropriately. A conforming loan means a residential mortgage loan offered by Morgan Stanley Private Bank, National Association that is saleable to Fannie Mae or Freddie Mac because it conforms to these entities’ guidelines, including, for example, loan amount limits that range from $417,000 to $625,500 for one unit properties, depending on location (and even higher in Hawaii). With the exception of a margin loan, the proceeds from securities based loan products may not be used to purchase, trade, or carry margin stock (or securities, with respect to Express CreditLine); repay margin debt that was used to purchase, trade, or carry margin stock; or cannot be deposited into a Morgan Stanley Smith Barney LLC or other brokerage account. To be eligible for a securities based loan, a client must have a brokerage account at Morgan Stanley Smith Barney LLC is a mutual fund asset allocation program. In constructing the TRAK CGCM Program Model Portfolios, Morgan Stanley Wealth Management uses, among other things, model asset allocations produced by Morgan Stanley Wealth Management’s Global Investment Committee (the “GIC”). The TRAK CGCM Program Model Portfolios are specific to the TRAK CGCM program (based on program features and parameters, and any other requirements of Morgan Stanley Wealth Management’s Consulting Group). The TRAK CGCM Program Model Portfolios may therefore differ in some respects from model portfolios available in other Morgan Stanley Wealth Management programs or from asset allocation models published by the Global Investment Committee.

Marginal Loan

Tailored Lending

The Morgan Stanley Mobile App is currently available for iPhone® and iPad® from the App StoreSM and Android™ on Google Play™. Standard messaging and
data rates from your provider may apply. To obtain Tax-Management Services, a client must complete the Tax-Management Form, and deliver the signed form to Morgan Stanley. For more information on Tax-Management Services, including its features and limitations, please ask your Financial Advisor for the Tax Management Form. Review the form carefully with your tax advisor. Tax-Management Services: (a) apply only to equity investments in separate account sleeves of client accounts; (b) are not available for all accounts or clients; and (c) may adversely impact account performance. Tax-management services do not constitute tax advice or a complete tax-sensitive investment management program. There is no guarantee that tax-management services will produce the desired tax results.

Morgan Stanley Smith Barney LLC does not accept appointments nor will it act as a trustee but it will provide access to trust services through an appropriate third-party corporate trustee. A LifeView Financial Goal Analysis or LifeView Financial Plan ("Financial Plan") is based on the methodology, estimates, and assumptions, as described in your report, as well as personal data provided by you. It should be considered a working document that can assist you with your objectives. Morgan Stanley Smith Barney LLC ("Morgan Stanley") makes no guarantees as to future results or that an individual’s investment objectives will be achieved. The responsibility for implementing, monitoring and adjusting your financial goal analysis or financial plan rests with you. After your Financial Advisor delivers your report to you, if you so desire, your Financial Advisor can help you implement any part that you choose; however, you are not obligated to work with your Financial Advisor or Morgan Stanley.

Since life and long-term care insurance are medically underwritten, you should not cancel your current policy until your new policy is in force. A change to your current policy may incur charges, fees and costs. A new policy will require a medical exam. Surrender charges may be imposed and the period of time for which the surrender charges apply may increase with a new policy. You should consult with your own tax advisors regarding your potential tax liability on surrenders. The Morgan Stanley Global Impact Funding Trust, Inc. ("MS GIFT, Inc.") is an organization described in Section 501(c) (3) of the Internal Revenue Code of 1986, as amended. MS Global Impact Funding Trust ("MS GIFT") is a donor-advised fund. Morgan Stanley Smith Barney LLC provides investment management and administrative services to MS GIFT.

All residential mortgage loans/home equity lines of credit are subject to the underwriting standards and independent approval of Morgan Stanley Private Bank, National Association. Rates, terms, and programs are subject to change without notice. Residential mortgage loans/home equity lines of credit may not be available in all states; not available in Guam, Puerto Rico and the U.S. Virgin Islands. Other restrictions may apply. The information contained herein should not be construed as a commitment to lend. Morgan Stanley Private Bank, National Association is an Equal Housing Lender and Member FDIC that is primarily regulated by the Office of the Comptroller of the Currency. Nationwide Mortgage Licensing System Unique Identifier #663185. The proceeds from a residential mortgage loan (including draws and advances from a home equity line of credit) are not permitted to be used to purchase, trade, or carry eligible margin stock; repay margin debt that was used to purchase, trade, or carry margin stock; or to make payments on any amounts owed under the note, loan agreement, or loan security agreement; and cannot be deposited into a Morgan Stanley Smith Barney LLC or other brokerage account.

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