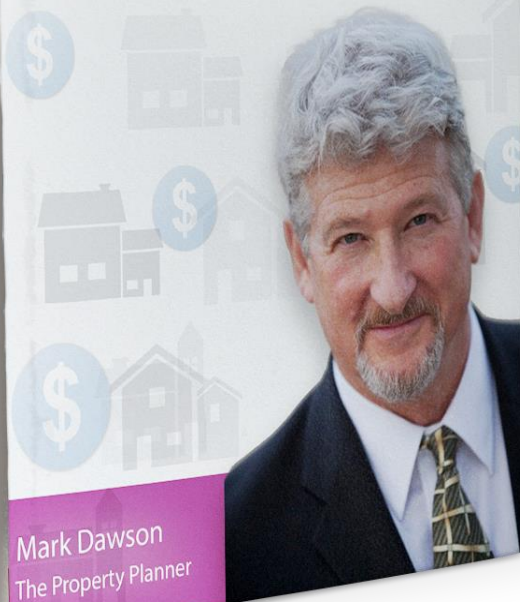


STRESS-FREE SENIOR LIVING

How to Use Real Estate and Personal Property to
Achieve a Healthy Affordable Living Solution for Mom
or Dad with Less financial and Emotional Stress



Mark Dawson
The Property Planner

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Table of Contents

Legal Disclaimers, Copyrights, and End User Rights

Introduction: The Property Planner

Chapter 1: Step 1 – Interview and Needs Assessment

Chapter 2: Step 2 – Inventory and Valuation

Chapter 3: Step 3 – Match Assets to Outcomes

Chapter 4: Step 4 – Create a Path to Peace of Mind

Chapter 5: Step 5 – Applying the Property Plan

Introduction

My name is Mark Dawson. Over the past 25 years, I have been dealing with real estate in a wide variety of situations and in hundreds of hands-on transactions. In doing so, I noticed a need for a growing sector of our population that was not being addressed by others in my profession: the need to provide viable answers and options for people who have reached a certain stage in their lives with health or financial difficulties, prompting them to move from their homes or significantly change their living situations. This led to my decision to help families of older adults use real estate and personal property to achieve a healthy, affordable living solution, which in turn relieves their financial and emotional stress.

I have developed the 5 components of The Property Plan in response to what you and your family have become caught up in, the Silver Tsunami. This term is used to describe the very real and personal transformation that is impacting families across the country. We are seeing an increasing percentage of people over the age of 65. This age group, known as the Greatest Generation, is your parents and grandparents. They are now the older adults coming closer to the end of their lives who fall under your care - the Baby Boomer generation.

The Greatest Generation more specifically, is a term for those Americans who fought in World War II, and the generation born between the two World Wars with people who were too young to join the service when WW II started. It was actually coined in the November 5, 1951 cover story of Time Magazine, referring to those born between 1923 and 1946 in the United States who were coming of age at the time. The Baby Boomer generation refers to those born just after WW II, a time that included a 14 year increase in birth rates worldwide, commonly known as the Baby Boom. Academic and demographic literature uses 1946 to 1964 as the cut off years of the Baby Boomers. You may find yourself within these parameters, or just outside.

The content provided in this quick guide answers the top questions that I have been asked by the hundreds of families like yours whom I have had the pleasure to help.

SO....let'sgetto it!

Chapter 1: Step 1 – Interview and Needs Assessment

This initial step lays the foundation for the Property Planning process with a series of interviews to accurately assess the needs of the older adult. The first interview is conducted with the older adult. For purposes of this exercise, let's say this is your mother. We begin the conversation and take time to listen to her concerns, needs and desires, with an open mind and an open heart. This is vitally important!

Often your family and support group has already formed an opinion about what is best for your mom, and yet she is not part of that process. She may be deferring to you or others in order to keep the peace, or she may be digging in her heels for reasons that are counter to what everyone believes. From my vantage point as a consultant, and with my easy conversational and non-judgmental approach, I'm able to step in and be an effective liaison, offering assistance to everyone involved. I like to say, I'll move mountains, so that the monumental task and all those obstacles you see in the way will be cleared, resulting in a successful plan for the future.

The second interview will be with key family members or friends who are serving in some role as a caregiver in order to gather their opinions and feelings about the living situation for your mother. The final interview should be with the extended inner circle, like the in-home caregiver or social worker. It is extremely important to talk with these non-related people, as they often spend much more time with your mom than do family members.

After the interviews, we move on to assessments. The first assessment will be for me to personally visit and review the home your mother is living in, while the second assessment will involve bringing in contractors and inspectors to help assess the condition of the real estate at this juncture. We will be identifying and prioritizing deferred maintenance, and looking for any emergency repairs or security upgrades that might be needed immediately. We will also be looking at how the property might be improved or modified to better allow for her to live there now or in the future.

The third and the fourth assessments will be to personally review the condition of the personal property and engage any expert opinions we might need from outside resources such as a professional organizer or a moving company. The plan is to get an idea as to what is stored at the home, and what it would take to sort and remove a houseful of “stuff”. When you have been around for 70 plus years, you can accumulate a lot.

The fifth assessment involves other real estate owned such as rental homes or business related property. The first and foremost goal is to take care of the immediate living situation, but as we calm things down, we need to have all the pieces on the table in order to put together your particular puzzle. Anything that we can address to bring in additional income will be important for the future plan.

The beauty of the Property Planner process is that right from the start you will be able to bring a calm, healthy perspective to the situation at hand, include and respect everyone involved, and begin positive, affirmative action immediately. With Step 1: Interviews and Needs Assessment, we identify what your mom currently has, actually wants to keep, and truly needs in the way of an affordable healthy home.

And, if you want to start on the path to emotional and financial peace of mind right now, click the link below to schedule a 20 minute property planning audit with me. This is normally \$297, but I am offering this session at no charge to you.

Chapter 2: Step 2 – Inventory and Valuation

In our previous chapter, we discussed and illustrated The Property Planner- Step 1. We walked you through the progression of Interviews and Needs Assessments to demonstrate how to identify what the older adult, your mother in our example, wants and needs in the way of a healthy affordable home.

Now, we will lay out a method of sorting and categorizing the older adult's real estate and property, figuring out costs, and sources of income. With that said, let's start with Step 2: Inventory and Valuation.

I am going to use a recent Property Planner experience to demonstrate how to use Step 2: Inventory and Valuation. This story began when I received a phone call not so long ago, from a man living in South Carolina. His mother, *Jenny, was at that time in a recovery center after an incident.

After some discussion, they decided on a Property Plan, and from Step 1, several important things came to light. Due to the nature of Jenny's illness, her social worker determined she would be unable to return to her two story San Francisco home. From conversations with the placement specialist with whom they were working, they found out that Jenny's current social security and pension income combined would not be enough to pay for the type of care facility she would need from now on. And to top it off, her medical benefits would soon end, which would force her to leave the recovery center ready or not.

I began with Inventory, Part 1, and a review of real estate owned. This is crucial to this phase of the process, as most of the income that will be available will come as a result of maximizing this potential. I reviewed the property documentation regarding ownership and loan history, and compared the history of repairs, to the inspections and reports from the assessments in Step 1.

**Names changed for privacy.*

Next we moved on to Valuation, Part 1 - Rent, and Valuation, Part 2 - Sell. Using comparative market analysis, I determined what the home would rent and sell for. The condition of the property is critically important in the decision to rent or sell because the criteria for preparing a home for sale versus rent are quite different.

Another aspect that we didn't need in Jenny's case was Valuation, Part 3, which would involve determining the value of the property if it was remodeled in order to accommodate Jenny's return home. Unfortunately her health precluded that option.

The next piece to consider is Inventory, Part 2, which involves Jenny's personal property. This inventory has a number of levels, and starts after identifying the property she wanted to keep, and the personal property Jenny promised to different friends or family members. The next levels involved determining property that could be sold or donated for tax write-offs which could bring income.

At this stage, we reached Valuation, Part 4, and in Jenny's case, we brought in an estate sale specialist to appraise her fine china. The professional organizer who had been hired earlier identified the china as having some sale value, but had ruled out the furniture and other property for any significant monetary value.

The last level of inventory involves determining what can be recycled by various means, what has to be handled through hazardous waste, and finally what will be discarded and hauled away.

In Jenny's situation, at the end of Step 2, we had collected and organized the information needed to create her Property Plan that when implemented, allowed her to relocate to a healthy, affordable new home. We helped to simplify this transition, which in turn reduced the stress on the entire family.

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Chapter 3: Step 3 – Match Assets to Outcome

Continuing with Jenny's story, we'll establish how to apply Step 3: Match Assets to Outcomes.

Using the information we had been collecting, we reviewed her assets to help decide how we would be able to achieve the necessary outcomes for Jenny. In her case, the primary outcome was dictated by her health; she had to move to a skilled nursing facility. We confirmed that she clearly understood this, as did her immediate family, support group and caregivers. Her second outcome was identified as the need to supplement her monthly retirement income to pay for the skilled nursing facility. The third outcome involved determining how to provide her the funds required to move to her new living situation in the short amount of time left before her medical benefits ran out.

A review of her assets showed she owned her house "free and clear" in the vigorous seller's market in San Francisco. She had two options: either keep and rent out her home or sell it. In the case of renting the home, a good cash flow would be available, but when we looked at the potential outcomes of this option, several problems surfaced. We resolved that the total cost of the new care facility would amount to more than her combined retirement income plus any rental income. Furthermore, there was no money for the repairs necessary to bring the home up market rental standards. Finally, to rehabilitate, market, and lease the home would take several months, and Jenny only had several weeks left in the current care facility.

When we reviewed her assets, the net cash from real estate in the case of a sale, she would receive a lump sum at close of escrow that would provide 15 years of the necessary income, as well as cover the costs of the move. What's more, no home repairs would be needed, and the house would likely be marketed and sold before she ran out of medical benefits or had to move out of the current care facility.

Assessing the net cash from her personal property showed a potential return on the fine china, although it would take several months to sell. In the end, it was decided to pack and store the china for a later sale.

An integral part of the Property Planner process is the attention given to relationship dynamics. These can be important assets (knowing what others are willing or able to do to help), and should be considered and aligned with the desired outcomes. For instance, in this case with Jenny, her son was willing to take the time to come to town and manage the paperwork. He also borrowed against his own retirement to cover the short-term costs of cleaning out the house, and moving Jenny to her new home.

However, relationship dynamics can also play a potentially negative part in the outcomes. Case in point, Jenny's grandson was living in the house and was technically a tenant, yet the house would need to be delivered vacant. In the end, Jenny had to rent an apartment for him and pay six months' rent in advance so that he would leave.

Using Step 3, you can see how we were able to assemble and match the outcomes with the assets, and were then prepared to move on to Step 4, where we create a path to peace of mind.

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Chapter 4: Step 4 – Create a Path to Peace of Mind

We left off with Step 3 and a Property Plan for Jenny. Now we are ready to bring the first three steps together in Step 4 to show you the Path to Peace of Mind.

The purpose of Step 4 is to diminish the stress and worry for our older adult client (in this case Jenny) and her family. Even though a financial plan has been put in place, people in this situation often feel tremendous pressure from not knowing what to do next or how exactly they should start. The older adult may need immediate help, may be dealing with a number of temporary issues, and they may be considering complex long-term decisions all at the same time. It can simply be overwhelming!

We start by detailing the steps needed to stabilize the current living situation. If the older adult is in a rehabilitation facility recovering from a recent health incident, he or she may be in a wheelchair temporarily or indefinitely when he or she is discharged. Our plan will include making adjustments to the home the older adult client is returning to, as well as take into account the services and costs involved. We will also make recommendations for home care services organizations that are reputable, and provide the approximate level of care that will be needed. I want to emphasize that it is vitally important to stabilize the living conditions of the older adult in order to set the table for clear thinking and good decision making.

As mentioned above, there may be a number of temporary situations involved at this point. The rehabilitation facility generally has a short fuse; they discourage long stays. The current home may be adjusted to accommodate a wheelchair for a short while, but may not be practical for the long term, or may restrict the older adult to using only a small portion of the house. Another frequent problem is that the in-home care may be too expensive in this setting to be supported over the long haul as well.

The actions to take at this point involve creating comparative budgets for a transition to a new living situation. The costs of staying put are arrayed against the options available in acceptable alternative locations. Once these costs are identified, the net cash and cash flow available from the real estate and property scenarios generated earlier can be considered and the best outcome chosen.

In Jenny's case, the plan called for her son to take out a short-term loan against his retirement account to pay for a slightly longer stay in the rehabilitation facility while the house was cleaned out, fixed up, marketed and sold.

We determined that a skilled nursing facility would need to be located in South Carolina which would allow the resident contract to be signed with the sale of the house in progress and the move-in and prepay costs set up to be paid from the close of escrow. The plan also allotted part of the proceeds from the sale of the house to repay the loan from Jenny's son, and allocate the balance to a trust with Jenny as the beneficiary.

The plan fills in the gaps, as you will need to budget for the costs of the transition to a new residence. We will assist in the organization of the personal property distribution - such as items to sell, recycle, donate, and discard. For example, there are a number of specialists that may be needed to handle the sale of valuable art or stamp collections, and other antiques or collectibles. There are often heirlooms like silver or china that need to be packed and shipped to friends and family. The personal property that will go to the new residence, as well as to storage, needs to be identified and sorted for the move. Finally, all the remaining items will be designated to be donated, recycled and disposed of.

We also will plan for the arrangement and supervision of the actual move. This involves a range of options from hiring professional moving companies, to renting a truck and getting help from friends and family, while taking into consideration the move-in requirements at the new residence.

The final phase of Step 4 lays out a new budget for the new living situation, and connects the financial dots. In addition to detailing the transactions that generate cash flow, the plan identifies financial instruments that can govern the disbursement of these funds over time to ensure financial stability in the new living situation. These instruments can take the form of a trust, as in Jenny's case, or can be as simple as depositing the funds into an existing bank account. As I stated in the introduction, this will be a custom plan that is tailored to address the particular desires, needs and abilities of our client.

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Chapter 5: Step 5 – Applying the Property Plan

We have come to Step 5, the last of our five part process. As we conclude, I will show how a Property Plan comes together, and why you should put this dynamic and highly effective process to work for you.

The fact is that your parents or grandparents typically move to a new living situation only after a catalytic event, either health or financial, and they are essentially forced to make a change. Unfortunately, most are unprepared for that move.

Due to the serious nature of this unexpected event, they are often, physically, emotionally and financially stressed. Other family members are assuming new responsibilities and become emotionally involved. This is the absolute worst time to make any kind of decision, much less life-changing, long-term, critical decisions. That's where I enter. As The Property Planner, I am that neutral third party with years of experience and a rolodex of resources to help you create options, to get from point A to point B, and from the bottom of that proverbial mountain to the top.

In our first three chapters we illustrated The Property Planner, Steps 1 - 3. We began by walking you through a progression of interviews, talked about how to gather and organize information regarding real estate and property, and demonstrated the outcomes made possible by the available assets.

In Step 4, we discussed how to Create a Path to Peace of Mind that releases the tremendous pressure loved ones feel when they know that an older adult may need immediate help, may be dealing with a number of temporary issues, and may be considering complex long-term decisions all at the same time.

The final part of the process, Step 5, allows your personal advocate, The Property Planner, to combine all of the experience and information gathered from the first four steps into a tangible, personalized, customer Property Plan for you.

Let me tell you about the next step, and how I will get you started on the right path with no obligation.

As soon as you contact me using the link or phone number below, my team will be in touch to schedule your no-cost 20 minute property planning audit.

You'll deal directly with me, and together we can discuss your most pressing needs and concerns. We'll outline a basic blueprint that will immediately relieve anxiety and clarify what you can do right now, in the near term, as well as clear a path for the road ahead. We'll then send you a customized quick-action Property Plan that will provide great clarity and will help you understand your options. This is a free service to you provided by The Property Planner for a limited time.

If your family is, or soon will be struggling with the emotional and financial stress created by the situation that is becoming more and more common for the Baby Boomers and the Great Generation, I highly encourage you to reserve your audit session now.

I look forward to speaking with you soon!

Mark Dawson, The Property Planner