

The Financial Planning Newsletter

Medical Tourism and What You Should Know: The latest Deloitte Center for Healthcare Solutions report on Medical Tourism (you know, going to Canada or some other foreign country for surgery and seeing a few sights along the way) projects renewed growth in medical tourism in 2010 and beyond as the economy recovers. The report contends consumer pocketbooks will be able to better withstand trips for non-emergency care outside the country. Also, it's believed more insurance companies will eventually agree to fund procedures at international hospitals with extensive accreditation.

Deloitte's 2009 report predicts that the number of people leaving the United States for various procedures will reach 1.6 million by 2012. That's more than double 2007's numbers.

Medical tourism used to be all about cosmetic procedures. But today, the rising number of underinsured or budget-conscious patients has made going abroad for medical care much more prevalent and for more complex procedures such as knee or hip replacements. It's also getting the support of domestic insurers and the American Medical Association, which has set [nine guidelines](#) for patients and medical travel.

Before you hop on the plane, it's best to do significant due diligence in the areas of financial and safety issues related to the procedure and the hospital you're going to. First, check and see if your insurer supports medical tourism and makes its own recommendations on where you might go for certain procedures. Insurers like Aetna, WellPoint and BlueCross BlueShield of South Carolina have tested foreign facilities in their physician and hospital networks, arranging one-stop shopping for overseas treatments including care, travel and lodging for patients and their families.

Whether your insurer offers these options or not, the first step is researching the institution. The primary way to do that is to consult the Joint Commission International (JCI), a division of the leading U.S. organization that reviews hospitals for quality, now provides similar services to hospitals abroad. JCI provides an [online list](#) of accredited hospitals and medical centers worldwide. (In fact, even if you aren't planning a trip strictly for a medical procedure, the JCI list is a good one to use when planning a vacation. The list can help you determine the best hospitals abroad if you need emergency care.)

But learning about good overseas hospitals is just the first step. Consider the following:

- Include your doctors: Don't assume your doctors are automatically going to veto your thinking. They may help you find the right program, particularly if you're having trouble affording procedures here at home. Compare the cost of a qualified facility overseas to a negotiated price for treatment here. Always ask if you can get the care cheaper in the U.S. first. Whatever happens, the discussion shouldn't end at where you should go for overseas treatment. If there are complications or a need for aftercare, it's very important your doctor be involved.
- Check your employer first, then your insurer: If you are insured through your employer, start with human resources to get an overview of where your various plans stand on overseas medical coverage. Disclosure is best. If an insurer doesn't endorse treatments at a particular hospital, it's likely going to be tough to get them to cover any problems that could crop up domestically after overseas treatment. Ask your insurer about dealing with post-care complications. Also, if you have long-term care insurance, check in with them to find out if getting treatment overseas could potentially risk your coverage when you need to draw on it later.
- Designate a family member as your primary contact: Choose a family member, friend, or health power of attorney (more on this below), to keep in touch with your family, friends and employers you designate they call. This primary contact should also be prepared to pay bills and deal with the unthinkable, whether it happens outside the U.S. or enroute.
- Make sure your health care directives work where you're going: A health care directive specifies your medical wishes in case you're incapacitated. They come in two forms: the living will and the power of attorney for health care. The living will indicates specific wishes about medication and life-support treatment if you're incapacitated, and you need to refer to your own state laws on how these documents need to be written. The power of attorney for health care (your durable power of attorney for health care) also specifies your wishes for treatment but allows you to designate a specific person to act in your stead if you are incapacitated. You should check with the hospital where you'll be doing the procedure as well as your attorney about what documentation will be effective where you're going.
- Pick your representatives wisely: Your health care power of attorney may or may not be the person with the power to disburse your assets if you're incapacitated. Also, make sure you have a line of credit established your designated representative can access in case of emergency. Make sure all these sources of cash can flow easily to the foreign country where you're recovering.

- Update your estate matters: No one expects they'll die in the hospital, but it's necessary your documents be up to date so your spouse or designated executor/attorney-in-fact can step in immediately to handle your affairs. Again, it makes sense to see whether anything needs to be amended based on out-of-country care.
- Have an up-to-date disaster plan: If you are incapacitated or die, it makes sense to have all critical papers and data in one place so your health care power of attorney, your executor or a trusted friend or family member can access them. Include the following with an index:
 - Full details on administrative contacts and physicians at the hospital where you're undergoing treatment (and money set aside for your health power of attorney if they have to travel to you);
 - Contact information for your primary care physician in the U.S.;
 - Your passport information in case they have to contact the U.S. Embassy for any reason;
 - List and location of all household bills that must be paid with due dates;
 - Divorce decrees with all relevant settlement information;
 - Location of wills, trusts and any power of attorney information;
 - Advanced healthcare directives;
 - Adoption papers, if applicable;
 - Key identification numbers, including drivers' license, Social Security, passport and employee identification data;
 - Recent bank and brokerage statements;
 - Detailed funeral and burial wishes;
 - Location of cash that may be used to handle other emergency expenses;
 - Copies of recent medical records in case you're incapacitated;
 - All insurance policy (health, disability, life, auto and long-term care) with agent contact information;
 - Notes on house maintenance and service providers;
 - Where safe deposit, lockbox and filing cabinet keys are;
 - The name and number of your human resources department at work;
 - All relevant contact numbers for executors, financial advisors, trustees, guardians, attorneys and any other individuals who will need to step in if you are dead or incapacitated;
 - Guidelines on what to do about orphaned pets, including set plans for who will adopt them and pay for their care;

The Do's and Don'ts of Passing Down Vacation Property to Family: A family vacation home can be a place of fun, memories and refuge for generations of friends and relatives. But when the matriarch or patriarch living in the home dies, it's not uncommon for the same family members to go to war over visitation rights and ownership of the property, which can be worth a significant sum.

This is why it's important to include any vacation property as a part of the buyer's estate planning. According to the National Association of Realtors' 2009 [analysis](#) based on U.S. Census data, there are 7.9 million vacation homes and 41.1 million investment units in the United States, compared with 75 million owner-occupied homes.

Such significant property can mean significant discord when there's a desire on the part of some family members to sell. Siblings may not have the cash to buy other family members out. Here are some suggestions:

- Do a market analysis: How valuable is the family vacation home, anyway? It might make sense before you talk to any of your heirs to appraise the property and launch a competitive marketing analysis to see what other homes in the immediate area are worth. Knowing whether the property is appreciating or depreciating is important, but knowing future maintenance costs is important too. If the home is in significant need of repairs or updating, it's fair to get estimates and determine whether the owner wants to do those now or if heirs want to make that investment, at which time they'll have full control over the choices that get made.
- Discuss scenarios with your team of experts: Again, it's important to bring in your entire financial team to talk through the sale or succession issues involved in deciding what to do with the vacation property. This will give you something to think about so you'll have more to discuss when you finally bring it up with your heirs.
- Discuss family feelings about the property before you solidify your plans: It might be a good idea for the property owners to casually sit down with family members over time to gauge their interest in keeping the property. This may result in a more formal meeting when it's time to start making decisions. An owner might find the children he or she were certain would want to keep the property want to sell, or vice-versa. This is one emotional investment issue, so it makes sense to take time to feel out all the family members, particularly if sets of children from previous marriages are involved.
- Start developing the plan: Once you reach consensus with all relevant family members, act. If there are children who want out of the ownership plan, see if you want to compensate them and decide how. Parents might offer a buyout sum to children in the

form of a gift over several years while they're alive so surviving heirs don't have to pony up after the owner dies. The key advantage of planning ahead is having the time to consider all the financial and emotional fallout before it happens. It's good to get advice on what a sensible buyout price is ahead of time. Because it won't include traditional selling costs, family members might be able to buy the property at a premium.

- Consider different ownership structures: Homes that older family members want to keep in the family might consider a limited liability company (LLC) as an ownership vehicle for the vacation home. LLCs can offer lawsuit protection from creditors and users, they'll keep the property in the family and a LLC will help the owner(s) set up a structure for ownership, maintenance and governance issues that will stay in place long after he or she is gone. Again, financial, tax and estate experts should be consulted.
- Have some fun: Don't let the process of handing down the property or discussing future ownership detract from the property's original purpose to keep family together and to create good memories. Once decisions are made, it might be a good idea to have one last, big gathering there so everyone can solidify their plans for the next generation.

The Top 5 Things to Teach Kids About Money: What if there was mandatory money instruction for every child in America from kindergarten on up and every adult was required to take an annual test confirming those concepts well into their senior years? I know this is unlikely to happen, but, hey, I can dream! In reality, the first money lessons for a child come from parents and grandparents. Experts agree that the way parents and other authority figures teach and reinforce those concepts will have a major impact on their kids avoiding major financial problems later in life.

So, a question for parents: How equipped are you to teach your kids about money? If you don't feel confident about creating a money curriculum for your child, don't worry, there's help. You can take a close look at where you need to be with your finances and gather ideas to teach your kids about money as well.

However you personalize the lesson, every parent needs to involve these five basic concepts in a child's money education:

1. Work: It's true. The first great lesson isn't so much about money as what it takes to earn money. As early as kindergarten or first grade, your kid is going to have to start paying for things. Children need to understand as early as possible that a good day's work should deliver a good day's pay, so it's a good idea to come up with age-appropriate chores in exchange for an allowance. The best place to start is with simple jobs like setting the

table and making beds. For older kids, yard work, laundry and housecleaning are good to add to the list.

How big should that allowance be? Try to match the allowance to the expenses you want your child to cover and leave a little wiggle room for treats. That way, your child begins to understand choice while learning that spending requires limits. Also offer options allowing children the opportunity to earn additional money for extras, toys or privileges, for instance. Emphasize why working for treats is important. When kids are younger, you should keep a frequent watch over how they're handling their cash, checking in every day or so. Allow them more leeway as they demonstrate wise decisions.

2. **Saving:** Once you teach your kids about spending, help them identify larger goals they have to save for. Buy a piggy bank. Young children relate very well to this tried-and-true symbol of saving. It gives them someplace to put money out of sight so they don't spend it, and you should impress upon them that they are free to tap into it only to accomplish a goal that the both of you initially discuss. Again, as they make smarter decisions, let them have more responsibility. And this lesson shouldn't just be about buying stuff. Kids need to learn how money can be used for setting and accomplishing goals.

If it makes sense for you, you can also add incentives to save. One idea: Tell your son or daughter you'll give them \$1 for every \$5 or \$10 they put in the bank. It will definitely make them think twice about an impulse purchase.

3. **Budgeting:** Budgeting is one of the most universally challenging money concepts for children and adults. That's why it's important to make sure a child understands why it's so important to write down money priorities and keep track of whether those priorities are being met. When a child gets a little older, it might be a good idea to help them establish a budget for everyday expenses with an important side goal, such as accumulating spending money for a much-anticipated family vacation. Parents might show kids a similar exercise for how they're setting aside money for the trip. Unsure how to set up a budget? PBS Kids offers an [example](#).

For younger kids, it might make sense to turn the budgeting process into a game. Parents might take a stack of fake money, give it to the child and ask what they would spend it on. The child would write down each purpose such as toys, school lunches and special things they need to save for. Get them to write down how they'd allocate the cash. This can turn into a real exercise later.

4. **Delayed gratification:** If budgeting and savings are going to work, kids need to know they can't spend their money whenever they feel like it. Parents need to lead by example here.

If kids always see you paying with plastic and bringing home carfuls of shopping bags each week from the mall, they might get a sense that money is limitless. On the other hand, if they see you making lists, tearing out coupons and talking about saving for particular goals over the long term, they might start to mimic that behavior.

5. Helping others: It's important for children to know there is always someone less fortunate than themselves and it's important to help, even in a small way. Increasingly, kids are involved in charitable and community activities as part of their educational process. Such work even figures into college applications. Teaching your children to set aside a little for those who have less might be a good first lesson in what should be a lifetime of sharing with others. Also, don't forget charity isn't always about money. Kids should also learn the importance of giving their time and labor to important causes and people in need. And if they think of unique and effective ideas to help, by all means, praise and encourage that activity.