Legal and Financial Readiness: A National Practice Module

Preparing legal and financial documents for aging and serious illness.

> **Why this module matters.** About 7.4 million older Americans live with Alzheimer's dementia, and federal Medicaid rules are changing in 2027 and 2028. Planning ahead keeps the person in control and avoids court processes.

About this module

This module gives teams a shared, evidence-based approach to preparing legal and financial documents for aging and serious illness. It draws on current federal rules and national guidance, and it ends with a checklist that agencies, clinicians, and families anywhere in the United States can adopt.

Item	Details
Who it is for	Family caregivers, older adults, social workers, and agencies
Format	7 units, case scenarios, a knowledge check, and a national checklist
Time	About 1.5 hours
How to use it	Families use all units. Professionals use the checklist with families.

Learning objectives

After completing this module, learners will be able to:

1. Explain why planning ahead matters.
2. Describe health care documents.
3. Describe financial and legal documents.
4. Talk about wishes.
5. Understand recent federal changes.
6. Protect against exploitation.
7. Organize important information.

> **Scope.** This module explains national rules in plain language. It is not legal advice. Rules change, and state rules vary, so confirm requirements with your state agency or a qualified adviser.

Unit 1. Why plan ahead

Illness, dementia, or a sudden hospital stay can leave a person unable to make or communicate decisions. Without documents in place, families may need a court process such as guardianship or conservatorship, which is slow, costly, and public. Planning ahead keeps the person in control.

National signal	Figure	Source
Americans 65+ with Alzheimer's dementia	About 7.4 million (2026)	Alzheimer's Association
Fraud losses reported by people 60+ (2025)	More than $3 billion	FTC, 2026
Estimated true fraud cost to older adults	$13.3 billion to $119.5 billion	FTC, 2026
Medicaid home equity limit for long-term care	$1 million, from January 1, 2028	H.R. 1 (2025)

Unit 2. Key health care documents

Document	What it does
Health care power of attorney (health care proxy or agent)	Names someone to make medical decisions if the person cannot
Living will (advance directive)	Records wishes about life-sustaining treatment
POLST or similar medical order	A clinician's order for current treatment wishes for people with serious illness; used in most states under different names
Do-not-resuscitate (DNR) order	A medical order not to attempt CPR
HIPAA authorization	Lets named people receive health information

Share copies with the agent, family, clinicians, and the home care agency. Keep the originals easy to find.

Unit 3. Key financial and legal documents

Document	What it does
Durable financial power of attorney	Names someone to manage money and property; "durable" means it stays valid if the person loses capacity
Will	Directs property after death and names an executor
Revocable living trust	Can manage property during life and after death, and may avoid probate
Beneficiary designations	Retirement accounts and life insurance pass by these forms, not the will
Representative payee or VA fiduciary	Manages Social Security or VA benefits for someone who cannot

> **Get state-specific help.** Laws and forms vary by state. An elder law attorney can help, and many areas offer free or low-cost legal help for older adults through the Area Agency on Aging.

Unit 4. Talking about wishes

1. Choose a calm time, not a crisis.
2. Ask what matters most: comfort, independence, being at home, family.
3. Talk about specific situations: a serious illness, dementia, life support.
4. Write the answers down and put them in the documents.
5. Review every few years and after major changes.

Unit 5. Recent federal changes

Change	Date
Medicare Part D out-of-pocket cap of $2,100 a year	2026
First Medicare negotiated drug prices take effect	January 1, 2026
Medicaid retroactive coverage cut from three months to two months for older adults and people with disabilities (one month for the expansion group)	January 1, 2027
Medicaid long-term care home equity limit fixed at $1 million, with exceptions for a spouse or certain children living in the home	January 1, 2028

The shorter retroactive coverage makes it more important to apply for Medicaid promptly when long-term care is needed.

Unit 6. Protecting against exploitation

- Choose agents you trust, and consider naming a backup.
- Ask for regular accounting from a financial agent.
- Set up bank alerts and a trusted contact on accounts.
- Never sign documents you do not understand.
- Report suspected exploitation to Adult Protective Services, the bank, and law enforcement.

Unit 7. Organizing important information

Gather	Examples
Identification	Social Security, Medicare, and insurance cards; ID
Accounts	Bank, retirement, investments, debts
Income and benefits	Social Security, pensions, VA
Property	Deeds, titles, leases
Insurance	Health, long-term care, life, home
Contacts	Attorney, financial adviser, clinicians, agency
Digital access	How to reach online accounts securely

Case scenarios

Case 1. No documents

Mr. Z has a stroke and cannot speak. He never named a health care agent or financial agent.

- What problems may follow?
- What might the family need to do?

Discussion: Doctors may rely on state default rules for decisions, and no one can manage his bank account. The family may need a court guardianship or conservatorship.

Case 2. Planning for Medicaid

Mrs. A may need nursing home care next year and owns a home worth $1.2 million. Her son lives with her and is not disabled.

- Which change matters?
- What should she do?

Discussion: From January 2028, the $1 million home equity limit applies unless an exception fits. She should talk with an elder law attorney soon.

Knowledge check

1. What does “durable” mean in a power of attorney? *(It stays valid if the person loses capacity)*
2. What is a POLST? *(A clinician’s order for current treatment wishes in serious illness)*
3. What is the Part D out-of-pocket cap in 2026? *($2,100)*
4. When does the $1 million Medicaid home equity limit start? *(January 1, 2028)*
5. Do retirement accounts pass by the will? *(No; by beneficiary designations)*

National Legal and Financial Readiness Checklist

This checklist turns common national planning steps and recent federal changes into one tool for families. The "National basis" column shows where each item comes from. Adapt it to your state rules and policies.

Name or ID	Date	Completed by and role
Agency or organization	Reviewed by	Next review date

A. Health care

Action	National basis	Done	Notes
Health care agent named in a power of attorney	State law	☐	
Living will or advance directive completed	State law; Patient Self-Determination Act	☐	
POLST or DNR discussed with the clinician if seriously ill	State POLST programs	☐	
HIPAA authorization signed	HIPAA	☐	
Copies shared with agent, clinicians, and agency	Best practice	☐	

B. Financial

Action	National basis	Done	Notes
Durable financial power of attorney completed	State law	☐	
Will or trust in place	State law	☐	
Beneficiary designations reviewed	Best practice	☐	
Bank alerts and trusted contact set up	FTC; best practice	☐	

C. Benefits and changes

Action	National basis	Done	Notes
Medicare costs and Part D cap reviewed	CMS 2026	☐	
Medicaid eligibility and timing reviewed if long-term care is likely	H.R. 1 (2027 and 2028 changes)	☐	
Free legal help explored through the Area Agency on Aging	Older Americans Act	☐	
Documents reviewed every few years	Best practice	☐	

Completed by: signature	Printed name and title	Date

Reviewed by: signature	Printed name and title	Date

Sources and further reading

National Health Law Program: Retroactive coverage and home equity under H.R. 1 (Feb. 2026) (healthlaw.org)

ElderLawAnswers: How Medicare changes in 2026 affect older adults (elderlawanswers.com)

PPC Land: FTC report on older adult fraud losses (Oct. 2026) (ppc.land)

Alzheimer's Association: 2026 Facts and Figures (alz.org)

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