

Also check the phone book under “insurance.”

You can sell your life insurance policy to a third party called a “viatical settlement company.” You name the viatical company as the sole beneficiary of your policy and receive immediate payment of up to 85 percent of the policy’s face value. When you die, the viatical company collects the policy’s death benefit. For a list of companies to contact for more information, visit www.yahoo.com and enter the search term “viatical settlement.”

Life insurance issues are complex and the industry is filled with unscrupulous salespeople. Consult a certified financial planner or elder law attorney to protect yourself. Find a financial planner near you at www.fpanet.org. To find planners, attorneys, and insurance policies, visit www.respond.com where you fill out a form with your information and receive custom replies from a variety of competitors eager for your business.

Your Home

Your home is a substantial asset. You can use it to help cover eldercare costs in several ways:

- **Trading Down:** Selling your large home and moving to a smaller place will provide you with cash from the sale and result in a lower monthly payment and property tax bill. An exclusion exempts up to \$250,000 of capital gain (\$500,000 for a husband and wife filing a joint return) from taxes as long as the property sold has been your principal residence for a combined period of at least two years during the previous five years. This exclusion can be used once every two years.
- **Sale-Leaseback:** If you have a child or younger friend who is interested in your house as investment property, you can sell it to them and then rent it back so you can continue living there. This strategy provides your child or friend with rental income and provides you with cash. You are also relieved of the cost of repairs and maintenance.
- **Rent out a Room:** An extra bedroom or two in your home can become a source of income. Rent it to a person that you like and you’ll get a friend or relative to help with household chores, income, and companionship. You should also consider building an accessory apartment. See “Accessory Apartments” on page 6 for more information.
- **Home Equity Conversion:** A home equity conversion (HEC) loan, also known as a reverse mortgage, will provide you with a lump sum of cash and monthly income against the value of the home. Unlike a home equity line of credit, HEC loans are not repaid until you sell the home, move, or die. Instead of making payments for your house, your house makes payments for you.