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**Breast Cancer: Financial And Estate Planning Check-Up**

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Following a diagnosis of breast cancer take proactive financial and steps. photo credit: Getty

A diagnosis of breast cancer will affect every aspect of your life, not just health issues. It will affect finances, life expectancy, insurance coverage, and estate planning steps. While comprehensive proactive planning to address some of these issues before a specific diagnosis is received would be ideal, the reality is that too few consumers address these matters until the reality of cancer occurs.

**Start by asking questions**

After diagnosis, your focus appropriately will be on determining a course of medical treatment with your oncologist. However, you really need to consider a myriad of other issues. The emotional impact may be dramatic and may make it difficult for you to consider, let alone actually address, other types of planning. But you should.  This is particularly problematic because the most important time for you to address financial, estate and other planning may be soon after you are diagnosed. Later, there may not be energy or time for those planning steps.  Will your health insurance cover most or only some of the treatment costs?  Who will assist you with all of the paperwork, forms, and insurance documentation? Can you afford a care manager to assist you? Will your spouse, partner or other family caregiver be willing to permit a care manager to assist, or will she view it as his responsibility or domain to handle these matters?

**What to tell your financial adviser**

You need to inform your financial adviser, estate planner, CPA, and insurance consultant about your diagnosis and prognosis. They cannot advise you without understanding your situation.  Some of the points to consider explaining to them might include:

* What breast cancer diagnosis do you have? What stage? Is it advanced? Is it localized?
* What is the impact on life expectancy? While no doubt a difficult conversation to have, you need to explain the situation as the time frame is essential to determine how urgent planning might be, or whether there’s sufficient time to plan with less pressure.
* What’s your prognosis? What’s the anticipated disease course and treatment? If you are not clear on the information your physicians have explained to you, take a close friend or family member to your next appointment to take notes for you.
* What are the likely consequences of the treatments? What are the side effects? Will it impact your ability to function? Will it impact your ability to work and if so for how long and to what extent?
* What’s the anticipated financial cost of the treatment course? What insurance coverage do you have, and how much of the costs might it cover or not? Some treatments are so costly that the phrase “financial toxicity” has been used to describe the consequences.

**Understand the numbers**

You should identify some of the information you’ll need to understand and convey to your advisers. While you will need to explain specific information about your situation, some general statistics illustrate the type of information that might be helpful to your advisers. Also, understand that you are not alone. This year there will be about 270,000 new cases of invasive breast cancer in women and nearly 3,000 in men. Nearly 13% of women will be diagnosed with breast cancer during their lifetimes. The median age of diagnosis is 62. The survival rates for many suggest that long term planning is necessary.  The 5 and 10-year relative survival rates for women with invasive breast cancer are 90% and 83% respectively. 62% of cases are localized, with no spread to lymph nodes or other locations. The 5-year survival rate for such localized cases is 99%.

**Financial planning**

Your financial security may be adversely affected by your breast cancer diagnosis. The potential of breast cancer treatments having a negative financial impact is very real. If you have health insurance, disability insurance, and other forms of coverage, you might be in a better position to weather the financial challenges. A first step is to compile an inventory of what coverage you have and what specific benefits it will provide. You may need to reconsider every assumption underlying your planning. While this can be terrifying, addressing it and getting professional guidance on what you can do, rather than avoiding it, may be vital to preserving your financial security.

Many factors might affect the economic impact of your breast cancer diagnosis:

* Insurance coverage, type of policy.
* Employer coverage tends to be more generous than private policies. If you work at a large company the human resources department might be helpful and informative. In other situations, you might be able to consult with the insurance consultant that sold the coverage. Online resources should also be reviewed.
* Are there out-of-pocket limits, and what are they?
* Drug costs vary greatly. Try to obtain whatever information from the social worker assigned to you by your medical providers.
* Patient costs are often front-loaded, shortly after diagnosis when treatment starts. This means you might have to bear the brunt of your medical costs early on. That too can pose a hardship and might be a situation a financial planner can help you address.
* Timing of your diagnosis and the insurance plan year. If you start treatments early in the plan year you might have more out-of-pocket costs then had it been later in the year when your regular medical costs had used up much of your deductibles.
* What treatments might you need or want that are not covered by health care insurance? How costly are they?

Your cancer journey may necessitate rethinking budgets, revising financial forecasts, curtailing spending and certainly annual gift program to children, and other steps. These financial challenges may serve to exacerbate the insecurities and angst you are already experiencing from the medical challenges. Deferring addressing these issues, however, may only serve to draw out the angst that a revised and viable financial plan might alleviate. Deferring addressing new cancer-triggered financial issues for too long might prove ruinous for some clients.

Be certain that you have the components of a comprehensive financial plan in place. These might include:

* A budget. This should reflect new costs of your cancer treatments, care, what is and is not covered by health insurance.
* A financial forecast showing how your current financial picture might progress over time. Often this is done under a large number of hypothetical economic scenarios so that you can see the best, worst and most likely scenarios. These random scenarios might be referred to as Monte Carlo simulations. These forecasts might be modified to reflect different personal scenarios (this might be called “sensitivity analysis”). For example, you might have the forecasts revised to reflect you’re going back to work after one year, perhaps going back to work and working only five more years, or not going back to work. This can help you evaluate your options and what they mean to you financially.
* There might be a review of all insurance coverage, Social Security, and more.

**Estate planning**

A breast cancer diagnosis might suggest accelerating planning. Even if you have a localized early diagnosis for which the survival statistics are very positive, it is still advisable to proceed diligently to get the proper documents and planning in place. The reality is you may feel sick and less desirous of addressing these issues during the course of treatment, and there are always worse outcomes. While proper planning cannot improve your medical outcomes, it can ease a range of burdens, protect your loved ones and more.

Make sure you have the following essential documents in place:

* Power of attorney for financial matters. This authorizes a named person, your “agent,” to make legal, tax and financial decisions for you.
* Health care proxy. This authorizes your agent to make health-related decisions for you.
* HIPAA Release. This is a Health Insurance Portability Accounting Act document that authorizes a named person to have access to your medical information, e.g. it permits your attending physicians to speak to them.
* A living will is a statement of your health care wishes.
* Physician Order for Life-Sustaining Treatment (POLST) although known by different names in some states, all of these are medical directives prepared with your medical team, not your attorney. They become part of your medical record so they are readily accessible by treating physicians. If your prognosis is short term, this may be an appropriate step to consider.
* Will is a document that distributes assets on your death.
* A beneficiary designation is a document that directs where life insurance, retirement assets (e.g. an IRA) and other assets are distributed.

The nature of your planning might have to change depending on your diagnosis and life expectancy.

If the prognosis is for a much-shortened life expectancy, there may be an urgency to complete documents and take other steps. Your diagnosis might warrant a different type of planning altogether might be warranted. Perhaps interests in a closely held or family business you own might require addressing succession planning and estate tax planning. Perhaps you might wish to transfer business interests to trusts for children. Depending on the circumstances the opposite approach might be better, e.g. retaining the appreciated business interests (or other assets) in your name to achieve a step-up in income tax basis on death. That might avoid capital gains tax if your heirs sell the business.

If the prognosis is for several years of remaining life expectancy, perhaps your spouse should consider shifting assets to you to secure an increase in the income tax basis of the assets without violating the 1- year requirement of Internal Revenue Code Section 1014(e). If the prognosis is for a shortened life expectancy, but there’s a likelihood of surviving more than 18 months, a sale for a private annuity might be worth evaluating. This is all complex tax planning that will require the guidance of tax counsel.

If the prognosis is optimistic based on cancer and other factors, perhaps traditional planning will continue to be appropriate, and the diagnosis might just serve as a catalyst to proceed.

To help you get started the American Cancer Society offers a free will planning guide, Dear Loved Ones, that includes planning forms to help you create or update your will, protect your assets, and honor loved ones. To request a copy, contact 1-800-227-1885 or click [here.](https://www.cancer.org/content/dam/cancer-org/online-documents/en/pdf/brochures/Dear-Loved-Ones-2018.pdf)

If you or someone you love is concerned about developing breast cancer, has been recently diagnosed, are going through treatment, or are trying to stay well after treatment, the American Cancer Society can help you find the answers you need. Contact the American Cancer Society’s helpline any time day or night at 1-800-227-2345 or visit cancer.org. (Note: I’m a member of the American Cancer Society’s National Professional Advisor Network, and as a volunteer, I often discuss with staff and clients across the country the importance of estate planning, particularly with chronic disease.)