

A close-up photograph of a hand holding a magnifying glass. The lens of the magnifying glass is focused on a document, and the reflection in the lens shows a person in equestrian attire riding a horse. The background is a blurred document with some text visible.

*Equestrian Member Life Services Educational Initiative:*

# Long-Term Contingency Planning

Through this initiative, the USHJA seeks to provide educational resources to members on important topics such as long-term contingency planning, insurance, retirement planning and employer resources.

By Tricia Booker

Over the past several years, the equestrian community has lost a great many prominent horsemen and horsewomen, and even the 15-minute video tribute that was shown during the 2014 USHJA Annual Meeting could only touch on a few.

In that video, in between tears, we saw photographs of many people who had led long and rich lives, but there were others who were taken many years before their time, some after gallantly fighting illnesses and others who died quite suddenly.

Afterward, several USHJA members, including Otis “Brownie” Brown and Fran Dotoli, reflected on the loss of their friends. They observed the aftermath of their deaths on the families and collected their thoughts, realizing together that while some were well prepared for the inevitable, others hadn’t taken action, and their families were left scrambling without wills or resuscitation contracts, for example. They were faced with difficult decisions while trying to also cope with emotions and financial burdens.

Brown reached out to the USHJA staff with an idea to put together a series of articles to address the importance of being properly prepared for your life, wherever it might lead. Because none of us know exactly how long we’ll live, it’s vitally important to have a will as well as a retirement plan. Because we can’t predict if and when an accident might occur, medical and liability insurance and workman’s compensation should be on your radar as well.

In this first installment, horsemen and legal experts Marianne Kutner and Armand Leone address

Long-Term Contingency Planning and offer you their thoughts in this concise primer on the major documents and decisions you should have in place. Because all U.S. states have different rules and regulations, it’s highly recommended that you contact a lawyer in your jurisdiction for more information and direction on these topics.

We hope you’ll consider the article a shortcut or “app” that you can save for future reference. The same information will be provided on the USHJA website ([www.ushja.org/bestpractices](http://www.ushja.org/bestpractices)) in a new Best Practices hub you can access on the home page.

This information is offered solely as an educational service to the USHJA community and the general public. This content is not intended to provide, nor does it constitute legal advice or legal opinions, and it should not be relied upon as legal advice or opinion.

## Medical Insurance

With the advent of the Affordable Care Act, which led to the government-mandated health care program known as “Obamacare,” affordable medical insurance is widely available for all Americans. There’s really no excuse for not having a health insurance policy no matter your income level.

Medical insurance is vital to have and to carry throughout your life. Without it, you could face a severe financial crisis if you have a serious illness or injury, and, at the very least, the government will now fine you if you don’t carry coverage. Many small businesses don’t have the required number of employees to fall under the government’s requirement to provide health care



coverage to their workers; therefore, it's up to each individual to acquire medical insurance coverage if it's not an employee benefit.

For horse people in particular, medical insurance should be the No. 1 must-have on this list, said Kutner.

"I'm quite sure many people in the horse world still don't have medical insurance," she said, "but everybody should. If you do one thing on this list, it would be to get health insurance if you don't already have it. This is by far the most important step you can take from a legal point of view and a general, personal-care point of view.

"With the Affordable Care Act in place, health insurance is fairly affordable for all people," she added. "But if you don't have any money, a job or other resources, which can happen, you can still apply for Medicaid. You really need to have some type of health care coverage no matter your situation."

With the cost of health services—especially emergency and hospital care—on the rise, those without medical insurance could be just one accident or serious illness away from financial ruin.

"If you don't have medical insurance and are treated at an ER or hospital, you're going to get billed. Depending on the treatment and care, you could be looking at a significant amount of money. Hospitals are active in going after their money, and you'll be solely liable for those expenses if you don't have insurance," she noted.

"I've seen it happen time and time again, where a person thinks he'll live forever and will never get hurt," said Kutner. "Then, the unthinkable happens, and the person is hit with these catastrophic bills. Their life is changed in the blink of an eye."

## Long-Term Care Insurance

Have you thought about what will happen to you in the event that you're unable to care for yourself due to age, illness or injury? Acquiring Long-Term Care Insurance is one way to insure that you're cared for if something should happen to you.

Unlike traditional health insurance, Long-Term Care Insurance is designed to cover long-term services and support, such as a nursing home visit, in-home care or care from another community organization. Long-term care could include services to assist you in bathing, dressing or eating, to name just a few.

"Long-Term Care Insurance is good to have, but it's expensive," said Kutner. "If you can afford long-term care, it's something you should seriously consider. People are living longer, families are more scattered and less able to care for disabled or elderly family members."

Purchasing Long-Term Care Insurance increases in expense the older you get. If purchased when you're younger, the premiums are lower, but you could be paying more over the long-term.

"Long-Term Care Insurance is expensive, and I can't even afford to get it!" said Leone, laughing. "If you have children and are saving for college and your retirement and have to kick out an extra couple hundred dollars a month [for this insurance], it's usually not economically practical. However, if someone is in a financial position to get it, by all means, it's absolutely worth it."

## A Will

According to the AARP, Inc., two out of every five Americans over age 45 don't have a will. If you die and don't have a will, the state laws where you reside will determine how your assets are handled. Most of the

time, that's a long, complicated and costly process.

Writing a will is the first and, many say, most important step in estate planning.

"If you have a family or significant other, you need to have a will," said Leone. "A will is not actually your problem because you won't be around, but if you care what happens to your loved ones and the assets you have and how they're distributed, you need a will."

If a person dies without a will, the Laws of Intestacy will take precedent. Depending on the state in which you reside, different procedures will follow through a legal mechanism in place. While you may assume if you're married that your property will automatically go to your surviving spouse if you don't have a will, that's not always the case.

If you want the freedom to decide who receives your assets and where your minor children will go, you need a will.

In your will you'll name an executor, the person who is responsible for settling your estate after you die. In other words, the executor is the person in charge of your property and belongings who will take inventory, distribute assets as you deemed and will close out your accounts through paying taxes and settling your debts.

Because an executor must spend a lot of time and has significant responsibility, it's best to ask the person you choose before you name him or her in your will.

"Wills are very state specific, so people should have the help of an attorney as they draw up their wills," said Kutner. "Legal forms and advice are available on the Internet, and can be helpful to organize your thoughts and ideas, but in terms of execution you should take that step and hire an attorney with knowledge of estate laws in your jurisdiction."



If you own animals, horses in particular, your will should stipulate how you want them cared for and by whom. In most states, animals are considered personal property, yet we know that unlike a car or a boat, an animal can be quite expensive to maintain.

“If there’s no will, the horses will become an asset of the estate,” noted Leone. “Whomever comes into the estate will then have the financial responsibility for the horses and that could be quite costly. If there’s a partner involved, your partner will control what happens with that horse if you were to die, but your estate will still have a financial interest and obligation.”

Kutner agreed: “If your animals matter to you, you should be discussing your wishes for them with someone you trust. When you’re planning your will, you should plan for the animals. If you’re asking a best friend to care for your horse, for example, she could be looking at 10-15 years of care if your horse is 10. You need to make sure that person will do it, and you should leave her the resources in your will.”

## Life Insurance

Life insurance can seem complicated due to the terminology and different options available for term or whole insurance, as well as variations (universal and variable life insurance, as well), but whether you need it or not is usually straightforward.

“It’s really simple,” said Leone. “If you have a significant other, spouse or kids, you would want to have life insurance,” he said. “If not, why bother?”

Most people purchase a life insurance policy if they have dependents who rely on their income and who would otherwise suffer financially with the loss of the person. A single individual might consider life insur-

ance if he or she has significant debt or to avoid placing the burden of funeral expenses on family members.

Term life insurance is the more popular of the two choices. A term life insurance policy is set for a specific death benefit over a specific amount of time, and when that term is up you must buy a new insurance policy to retain coverage.

For example, a \$500,000 term life insurance policy for 20 years for a healthy 40-year-old, non-smoking male might cost around \$350-\$400 per year. The premiums for females are generally less. The same policy will increase in price as a person ages, however, which is one downside to term insurance.

Whole life insurance provides a death benefit, and the money you pay into the policy is accumulated and invested. Whole life insurance is more expensive because as long as the premiums are paid, the policy is guaranteed for life.

The downside to whole life insurance is that the money you pay into the policy can often accrue more interest in other types of investments. Therefore, many people prefer to purchase a term life insurance policy and earmark the extra money they save in premiums for retirement or other investments.

Life insurance calculators are readily available on the Internet, and many are attached to the websites of insurance companies. If you’re curious about life insurance and the many options, there’s a wealth of knowledge available if you search for “types of life insurance.”

## Long-Term Disability Insurance

“If you’re thinking about life insurance, and you don’t have a family or significant other relying on you, I’d advise you spend

that money on long-term disability insurance,” said Leone.

Long-term disability insurance is an insurance policy that protects an employee from loss of income over a long period of time in the event of an accident, illness or injury. For people who work with horses, this is an insurance policy to give serious thought to acquiring.

The U.S. Census Bureau estimates that an employee has a one-in-five chance of becoming disabled in his or her working lifetime. Long-term disability insurance doesn’t cover your entire salary but provides a portion, usually 60 percent.

Social Security also includes a disability program, but it’s different from those of private plans. To qualify for the Social Security’s disability program you must meet their definition, which is stricter and for the most severely impaired. Their criteria include: You’ve been disabled for five calendar months; your disability is expected to last at least a year or end in death; and you’re unable to be gainfully employed at any occupation.

“Most horse people aren’t really prepared for the contingencies of an accident or severe illness,” said Leone. “Many established trainers have gotten beyond that initial hump, established their business and purchased a farm, then they might get it. The average young riders and trainers probably haven’t thought about this, but they should.

“The risk of injury is greatest for younger riders and trainers with the least protection,” he added. “They could easily have the rug pulled out from under them in one accident resulting in head injury. I’ve seen it happen, and two or three instances come immediately to my mind. If you’re permanently injured and there’s no future left for you in horses, it could bankrupt you



## Disability By the Numbers

1 in 4

The number of 20-year-olds the Social Security Administration estimates will become disabled and unable to work before they reach retirement age

56 million

The number of Americans who currently live with disabilities, according to the SSA

38 million

The number of Americans who live with severe disabilities

\$1,165

The average monthly disability benefit paid by the SSA, barely above the 2014 poverty level (\$11,670)

financially. Unfortunately, if you're a rider and can't ride, you're easily discarded."

Many employers offer long-term disability insurance policies through their benefits packages, and some even pay the premiums. If your employer doesn't offer such a policy or you're self-employed, you can purchase individual coverage through many insurance companies.

### Trusts

Some people believe trusts are just for the top 1 percent, but that couldn't be further from the truth. Trusts are useful for most people because they form the basis for what happens to your estate, which includes everything from your bank accounts to your home to your property and investments.

A Living Trust is growing in popularity as an alternative to a will. The primary difference between the two is that a will involves probate, which is the legal process that inventories and distributes a person's property after death. A Living Trust avoids this process because a trust is established when the person is still alive and his or her assets are held in the trust. Upon death, those assets are automatically transferred free of probate, resulting in fewer fees and a faster process.

Living Trusts (irrevocable and revocable) are much more time consuming to set up, and any changes require more of an investment in time and money than a will.

"Believe it or not, some people with resources will set up sophisticated trusts just for their animals," said Kutner. "But trusts generally apply to people with more substantial assets, or if they have a disabled child or spouse. Different types of trusts can be set up for a variety of reasons. Trusts are state-specific as well, so if you have any questions about setting up a trust it's best to contact an attorney to work with you."

### Power of Attorney

A Power of Attorney is, in simple terms, a legal document that names a person you choose to act in your place. Another term you might hear is "Durable Power of Attorney," which allows you to give legal permission for someone else to speak for you in the event that you are too ill to express your wishes.

The exact definition and procedures for appointing a Power of Attorney differ from state to state, so it's best to use an attorney to ensure proper execution.

"You can be as general or as specific as you want in determining a Power of Attorney," said Kutner. "You can give POA to someone to manage your finances or take care of your animals. Different people can have different functions. It's usually a good idea to have an alternate POA as well, just in case the person you choose is unable to act for you."

### Living Will/Advance Directive

Few of us want to think about dying, but in working with horses we take more risks than many people in the general population. In this business, how many times have we observed horse-related accidents that resulted in severe or incapacitating injury? Sadly, too many times. If such an incident were to happen to you, have you thought about what you would want?

Creating an Advance Directive, also known as a Living Will, is an important step to plan for your life, or the end of your life, based on your unique personal wishes. An Advance Directive will tell your loved ones what you want them to do if you become too ill or injured to make your decision known. Where do you draw the line on medical intervention? With an Advance Directive in place, you can outline your wishes so your family and medical providers don't have to guess.

"Most horse people are outdoor people, and they don't want to be sitting indoors on a ventilator for the rest of their lives," said Leone. "If your quality of life is severely compromised, how far do you want someone to go to save your life?"

That's a tough question to answer, and it might change over time, but Leone advised that you give serious thought to it now and develop a Living Will. You can always adjust it at a later date.

"Part of each person's answer to the question will be his or her family structure," he noted. "If I'm by myself and not going to be able to do what's meaningful for me for the rest of my life, that fact will direct my answer. If I'm married and have children, I might want to see my children get married and staying around, even if I'm totally disabled, will be worth it. I think each person must make an individual decision. Yes, it's terrifying, but it's really important."

Leone also noted that without a Living Will, a person might lose the ability to make any decisions after an accident.

"The nightmare is being totally incapacitated and not being able to talk and tell people what you want," he said. "Then, you'll not only be living a life you don't want, you'll be bleeding away money. The last thing I would want to happen is to be using up all of the money I've saved for my family. I'll be listening to the machines and

thinking ‘cha-ching, cha-ching’ and watching them go broke.”

A Do-Not-Resuscitate order, or DNR, is an order written by a doctor, and it can be included in your Advance Directive or Healthcare Power of Attorney. A DNR allows you to choose whether or not you want resuscitation (CPR) during an emergency. It does not provide instructions for any other treatment.

DNR orders are generally given near the end of a person’s life, but can be done at any time.

“For the most part, the last thing a horse person would want is to not be able to go out to the barn and be engaged in the sport he loves,” said Leone. “It’s important to have these discussions early, and maybe prevent some of the disasters we’ve touched on in this article.

“Everyone thinks they’re invincible when they’re young. ‘I can ride that horse, jump that ditch,’ and maybe you can and maybe you can’t,” he continued. “Sportsmen by definition believe in some invincibility. We’re risk-takers. That’s all well and good, but you have to guard against it appropriately.”

*Marianne Kutner, of Port Washington, New York, is a lifelong horseman, an amateur hunter rider and an attorney practicing and consulting in the equine industry. She’s a founding member and General Counsel for the USHJA and consults with various equine industry organizations and competition management groups.*

*Armand Leone, of Leone Equestrian Law LLC, is a business professional with expertise in health care, equestrian sports and law, with strengths in strategic analysis, business development and operations. An equestrian athlete, as well, Leone served as a director on the Board of United States Equestrian Federation and was USEF Vice President of International High Performance Programs for many years. He also served on the USEF and USHJA special task forces on governance, safety, drugs and medications, trainer certification and coach selection. Leone is co-owner of his family’s Ri-Arm Farm in Oakland, New Jersey, where he still rides and trains.*

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## Long-Term Contingency Planning Check List

- Obtain Health Insurance
- Consider Life Insurance
- Consider Long-Term Disability Insurance
- Write a Will
  - Appoint a Power of Attorney
  - Make a Plan for Your Children
  - Make a Plan for Your Animals
  - Disburse Your Assets
- Write a Living Will
  - Appoint a Health Care Proxy
  - Make a Plan for Your Health Directives

## Government and Non-Profit Resources to Remember

- Personal Finances, Estate Planning, Financial Security, Wills, Trusts, Insurance, Disability and Survivor Planner and much more: [www.usa.gov](http://www.usa.gov)
- Finding a Lawyer, Estate Planning FAQs, Law Issues for Consumers: [www.americanbar.org](http://www.americanbar.org)
- Health Care Coverage: [www.healthcare.gov](http://www.healthcare.gov)
- Health Care Coverage Information and Research: [www.familiesusa.org](http://www.familiesusa.org)
- Social Security Administration: [www.ssa.gov](http://www.ssa.gov)
- Health, Work and Retirement and Money: [www.aarp.org](http://www.aarp.org)

