



Advice Chaser



**Estate Planning
AND Long-Term Care**



Estate Planning & Long-Term Care

- Planning for the expenses of Long-Term Care in Estate Planning (also called Elder Law)



Estate Planning

- What is it?
- What components make up an estate plan?
 - Will
 - Trust
 - Powers of Attorney
 - Healthcare documents





Long-Term Care

- What does long-term care planning encompass?
 - Protect assets for other spouse, children's inheritance
 - 1 out of 2 people will need some long-term care
- What are the costs associated with it?
 - Assisted Living \$4k - \$6k
 - Skilled Long-Term Care \$10k - \$12k



Getting Started

- The earlier you talk to an attorney about it, the better
 - More time to plan
 - Mental/Physical health at its best
- Review the estate planning docs already in place
 - Make sure they are up to date, thorough
 - Powers of attorney
- Assess financial resources
 - Property, Brokerage Accounts, Long-Term Care Insurance
 - Helpful to have financial advisor as part of the process





Guardianships and Conservatorships

- Might be too late to avoid court – elderly person can no longer care for themselves, don't have the mental faculties to make legal decisions
- Better to avoid, but sometimes you can't

Medicaid

- The federal program that will pay for long-term care if you qualify
 - Asset limits
 - Income limits
 - Health requirements
 - Exempt Resources/Exclusions – house, vehicle, some personal property
 - Medicaid Payback/Clawback
- How do you qualify for Medicaid without dissolving all assets down to qualify?





Protecting Assets, Medicaid Planning

- Transfers between spouses
- House: into the well spouse's name
- Jointly-owned brokerage account: into the well spouse's name
- Gifting
 - 5-year lookback period – doesn't say that you can't give gifts, just that you will be penalized for it
- Convert assets to income source (Medicaid more flexible with income sources than assets)
 - Can plan for penalties.
- Example: \$500,000 in assets. No spouse. Can gift \$250,000. Can convert \$250,000 into income stream (very specific type of annuity). Income covers the penalty period. Half the assets have been shielded.

What Role Do Trusts Play?

- What is a Trust?
 - A separate entity (bucket) that you put assets into
- *Irrevocable Trust*
 - You give up the legal title to everything in the trust; name the trustee (a child, a trusted person). Starts the 5-year countdown. Good for house, CDs, anything you aren't going to have to touch for 5 years.
- *Revocable Trust*
 - You are the trustees. When planning for Long Term Care, you can update the terms to take the unwell spouse off as trustee.





Question and Answer Period