

ASSET PROTECTION PLANNING FOR OLDER CLIENTS

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SOME OF THE BIGGEST CONCERNS I HEAR

- Will I be able to afford care if my spouse and/or I need it
- If I need to go into a nursing home, how will my spouse make ends meet
- Will I have anything left to leave as a legacy for my loved ones if I have to go into a nursing home



ASSISTED LIVING VS. NURSING HOMES

 24 hour staffing and help with daily living tasks like medication management, but not 24/7 supervision

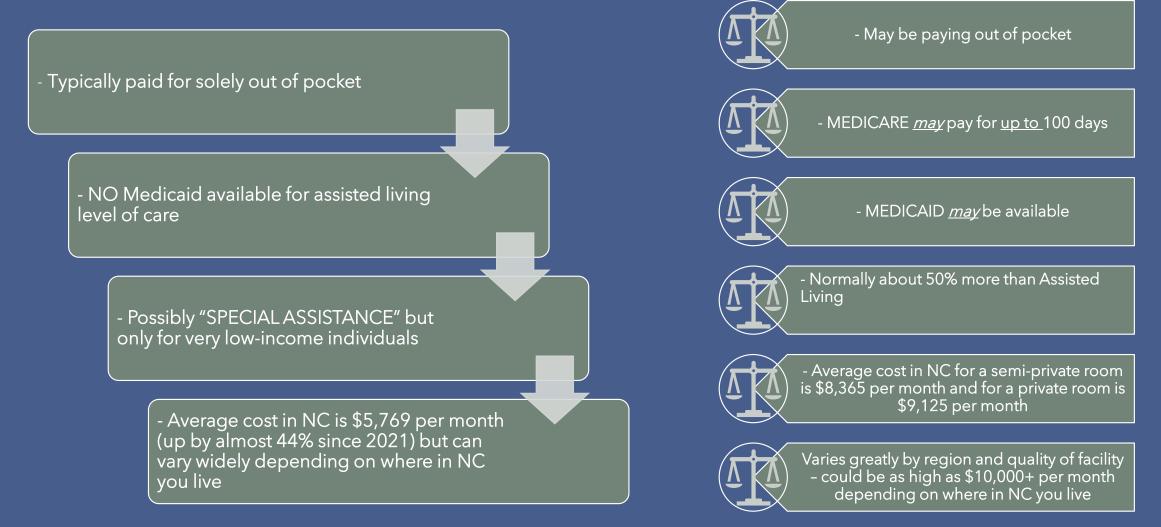
 Patients often need minor nursing care but not full-time medical care care Skilled nursing facilities which
typically provide 24/7 supervision and
help with Activities of Daily Living
(ADLs) such as bathing, dressing,
toileting, eating, etc.



Note: MEMORY CARE

Can be either Assisted Level of Care or Nursing Home Level of Care

PAYING FOR CARE ASSISTED LIVING VS. NURSING HOME

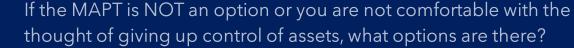




PRE-PLANNING: MEDICAID ASSET PROTECTION TRUST (MAPT)

- 1. Irrevocable
- 2. Client loses control of assets
- 3. Generally, Client can not be a beneficiary or Trustee of the MAPT
- 4. Beneficiaries?
- 5. How do you get money out of the trust? Can you?
- 6. Gift-tax implications?
- 7. Five-year Lookback period
- 8. When should you definitely NOT use this option?

"CRISIS" PLANNING



- 1. Deeds
 - **a.** "Ladybird" or enhanced life estate deeds
 - **b.** "1%" deeds
 - c. Pros and cons to each
- 2. Basic Concepts
 - a. Countable vs. Non-Countable Resources
- 3. Married Couple
 - a. Spend-down
 - **b**. Medicaid Compliant Annuity or Promissory Note
- 4. Single Client
 - a. Spend-down
 - b. "Half-a-loaf" strategy (gifting plus MCA or promissory note)

DO I QUALIFY?

- 4 PRONG TEST:
 - <u>MEDICAL</u> DO YOU NEED SKILLED-NURSING LEVEL OF CARE?
 - <u>INCOME</u> DO YOU MAKE MORE INCOME THAN THE MEDICAID REIMBURSEMENT RATE FOR THE FACILITY?
 - <u>Resources</u> Are you over the resource limit?
 - <u>GIFTS</u>
 - FIVE-YEAR LOOK-BACK FOR GIFTS
 - "GIFTS" ARE "TRANSFERS FOR LESS THAN FAIR MARKET VALUE"

DEEDS



Ladybird Deed -

- Gift real estate to children and keep a remainder interest and the right to live in the property
- Retain the right to change the remaindermen
- Is it a gift?
- Not all counties (or states) recognize or honor these

1% Deed

- Unique to NC and only a handful of other states
- Gift or SELL a portion of your property

BOTH HAVE PROS AND CONS TO CONSIDER

COUNTABLE VS. NON-COUNTABLE RESOURCES

Countable - \$2000 (Community Spouse Resource Allowance - ½ up to \$154,140)	Non-countable - UNLIMITED
Bank Accounts	Primary Residence
IRA/401(k)/Retirement	One vehicle
Investments	Household goods/jewelry
Additional vehicles	Irrevocable Funeral Plans
Additional Real Property (maybe)	Additional Real Property (maybe)
Life Insurance (maybe)	Life Insurance (maybe)

SPEND-DOWN

Anything over the \$2000 for the institutionalized individual (plus the CSRA) must be <u>spent down</u>

- Improve or replace non-countable resources
- \$ Purchase non-countable resources
- Funeral Plans
- \$ Attorney fees
- \$ Convert Countable to Non-Countable Resources
- Medicaid Compliant Annuity or Promissory Note (sometimes combined with gifting)
- **\$** CSRA and MMMNA



OTHER POTENTIAL ASSET PROTECTION TOOLS



- Powers of Attorney
 - o <u>Financial/Durable</u>
 - Needs Gifting Power
 - Needs LTC Planning Power
 - 2018 Uniform Power of Attorney Act
 - o <u>Medical/HealthCare</u>
- Guardianship (last resort)

CAVEAT

These are all very legally complex planning techniques that should be done with a licensed attorney skilled in elder law and Medicaid planning.

Attempting to do these techniques on your own could result in loss of benefits or non-qualification.

None of the prior is to be construed as legal advice or guidance. Information is for educational purposes only.



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