

Preserving Your Legacy While Providing for Your Needs

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As we grow older, often one of our greatest fears is wondering how we will continue to provide for ourselves. Nursing homes and long-term care can cost from \$35,000 to \$150,000 per year, and up, depending on needs. This cost can quickly exhaust the savings and assets of many families. Proper planning, either prior to or at the time of the need for care, can often help preserve a family's wealth and maximize your ability to continue to care for yourself.

As we look into providing for our long-term care, there are typically three ways to do so. These are private pay, insurance, and government assistance. Private pay can be the easiest and provide the best service. However, it is the most expensive. Secondly, long-term care insurance can provide assistance in paying for necessary care, while preserving a portion of the family wealth. Finally, government benefits may be available through Medicare, Medicaid, or from the Veterans Administration. Government benefits have stringent qualification guidelines and the application process is time consuming and may require the spend down of the family assets.

Medicare is a federal entitlement program available to all retirees who receive Social Security. Medicaid is a need based program designed to only assist the impoverished. Medicaid is a joint federal and state program. Each state operates its own Medicaid program which must conform to federal guidelines. The Deficit Reduction Act of 2005 (DRA), enacted February 8, 2006, recently significantly changed the eligibility requirements and restrictions for Medicaid applicants. The DRA had perhaps its largest effect on the treatment of assets and asset transfers, increasing both the "look back" period and the transfer penalty period. An expert in the complicated rules of the different programs can help you plan ahead. Each situation is different due to the size and type of assets and income of the individual.

There are many rules and tools available to help you provide for your needs, and those of your spouse and family. A qualified estate planner can help you preserve your assets and home through the use of permitted transfers, trusts, and "non-countable" assets and income streams. Income-only, testamentary, life insurance, and supplemental or special needs trusts may be used. An immediate annuity or reverse mortgage may also be suggested.

Waiting to meet with a qualified professional to assess your personal situation and needs may make it too late to take some steps available to preserve your assets. The sooner, the better to provide for significant financial savings and better care for you and your family. By the time you are applying for Medicaid, you may have missed an important opportunity for planning.

This article is intended only to make its readers aware of the general need for planning.

Any decision to take action should be made only after personal consultation with a qualified attorney. You have worked hard to acquire your assets, it is up to you to be sure that your legacy will be preserved and your long-term care needs will be met.