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your estatematters

Anderson, Dorn & Rader, Ltd.

Need to Provide for a Loved One with a Disability?

Where There's an Estate Plan, There's a Way

Estate planning can be more complicated for families who have a loved one with a disability. When physical, emotional, or mental challenges are involved, deliberate estate planning can become even more crucial.

Suppose that a loved one is disabled and has special needs. You wish to leave money behind to help make their daily life better. However, if said money passes directly to them, they may be disqualified from benefits which are needs-tested.

In general terms, many programs, such as Supplemental Security Income (SSI) and Medicaid are needs-tested. Therefore, inheriting a large sum of money could make a dramatic impact on their disability benefit eligibility. Other benefits, such as Social Security Disability Income (SSDI) are not needs-tested.

Creating an effective estate plan that includes a Special Needs Trust can help preserve eligibility for needs-tested government benefits and other programs while ensuring additional funds are available to take care of needs not met by those programs. Keep in mind though, if you plan to fund a Special Needs Trust for yourself with your own money (a first-party Trust), you may only do so if you are under the age of 65 and you must include a clause that you agree to pay Medicaid back before the assets go to your desired beneficiaries. Contributions to a trust for another individual (a third-party Trust) have no such requirements.

In addition, an ABLE account (Achieving a Better Life Experience) allows people with disabilities, who became disabled before the age of twenty-six, to set aside up to $15,000 a year in a tax-free savings account without affecting eligibility for government benefits like Medicaid (regardless of the balance) and SSI (if the balance is up to $100,000). Funds can come from anyone: the individual, family, friends, etc.

When designed properly, an estate plan can ensure a loved one will receive assets without compromising the benefits to which they are entitled.

The New Faces of Giving

Women and Millennials Step Up to the Plate

The amount of charitable giving has increased steadily over the past 60 years partly due to participation from millennial and female philanthropists. There is a common misconception that deep-pocketed foundations are the primary source of donations, when in actuality, individuals are by a wide margin the single largest source of philanthropic giving.

In general terms, millennials are seen as more environmentally and socially conscious than previous generations. The current socially aware mindset combined with ever-changing technology, is creating an environment in which making an impact through giving is almost second-nature. A growing list of ways individuals can contribute to causes they care about include GoFundMe, Network for Good, Mightycause, Generosity by Indiegogo, and many more.

In addition to millennials, women are being more commonly recognized as philanthropists. Research conducted by the Lilly Family School of Philanthropy at Indiana University shows that women give more in terms of both quantity and consistency than men, and are more likely to align their personal values with their charitable contributions.

Interested in making a contribution that becomes a part of your lasting legacy? If so, we can help ensure your estate plan allows the legacy you leave behind to create a real difference in the lives of others.

Helping a Loved One Cope…

… With Less Independence

Physical and mental decline are a natural part of aging. That's why it's important to ensure your aging loved one creates an estate plan designed to protect themselves, both financially and legally.

No estate plan can help an aging loved one cope with the emotional sadness, sense of loss, and frustration of losing some degree of independence…but it can help alleviate financial stress. While struggling to perform daily tasks like grooming, bathing, or preparing meals, the addition of looming financial decisions, proper budgeting, and paying bills can be overwhelming for some.

Practical solutions are relatively simple to put in place. Emotional solutions are much more difficult—so make sure you consider both the practical and the emotional ramifications of a loved one's loss of independence.

Some may feel angry or even betrayed, and take out their frustrations on the very people who are trying to help. Others may "give up" and become dependent on the assistance of others. Regardless of how your loved one feels, the key is to take a step back and be empathetic. Imagine yourself in their shoes and how you might feel.

Then initiate steps to help your loved one cope with the overall emotional impact of their changing state. For example, if they can no longer drive, find ways to pick up the slack; like helping with grocery shopping, providing rides to social activities, or simply visiting more often. In this regard, driving is simply a means to a personal end; the key is to make those ends remain possible for your loved one.

Most of all, talk about it. Research shows many seniors fear losing independence more than they fear death. Let a loved one vent by being their sounding board. Let them express their fears and frustrations. While it may not change the outcome, it will help them to know that you understand—and most importantly, that you care.

Planning for the Possibility of Long-Term Care

Along with the Increased Risk of Needing Care

Government statistics show that individuals over 65 years of age face a 35% chance of entering a nursing facility over the remainder of their lifetime—in addition to the individuals whom require personal and medical care while remaining in their homes.

As more than 1/3 of individuals over 65 years of age will need nursing home care at some point in their lifetime, it's important to plan for that potential future expense. Research shows that most people cannot afford to pay for care out-of-pocket. An even smaller percent has opted to purchase some form of long-term care insurance—even though the median cost of nursing home care can exceed $100,000 per year. The aforementioned percentage of long-term care insurance holders may fall over time since solvency issues have caused some insurers to cut back or even eliminate the coverage they offer.

If you don't have sufficient assets to cover the costs, you could become one of the small percentage of people who purchase long-term care insurance. If you don't or cannot purchase long-term care insurance, fortunately there is another alternative, Medicaid. Medicaid can defray some or all of the cost of long-term care. But if you don't plan ahead, you could end up depleting all of your assets, leaving nothing to pass on to your loved ones, before Medicaid kicks in.

Why plan ahead? Medicaid covers the cost of nursing home care as long as you meet specific financial conditions. Some assets, like your home and personal belongings, are exempt and do not count towards eligibility limits. Other assets, like cash, stocks, mutual funds, and other investments are not exempt.

The key is to take steps to protect your assets, so they can be used to pay for needs not covered by Medicaid without impacting your Medicaid benefits. One way to accomplish this goal is to plan carefully. Placing assets in a special trust for example, instead of simply transferring them to another person, allows you to maintain some degree of control over the assets and can help avoid the five-year look-back period. In the majority of states, any transfers you make within five years of applying for benefits can result in a penalty period of ineligibility.

Additionally, including them in such a trust instead of making outright transfers can also reduce income taxes and yield capital gains tax advantages in the future.

Most importantly, the assets protected can be used to provide care, recreation, or other items not covered by Medicaid, ultimately enhancing quality of life.

You can plan now to address the substantial risk you might need long-term care. Don't let the nursing home spoil your golden years.

Can You Guess this Legacy?

She first found fame as a singer, having recorded over 650 songs including number one hits like "Sentimental Journey." She went on to enjoy a 20-year career as a TV and film actor, was nominated for an Academy Award, and became one of only a few actors to top the annual box office charts on four different occasions.

She later went on to receive a Grammy Lifetime Achievement Award, the Cecil B. DeMille Award for Lifetime Achievement in Motion Pictures, and the Presidential Medal of Freedom. Despite her commercial success, she was also one of the first celebrities to recognize that her star power could be used to advocate for change as a founding member of three different animal advocacy groups.

Most people remember her for her 50-year entertainment career, but Doris Day also set an example that led countless other celebrities to leverage their own public profiles to bring attention to worthy causes.

What will your legacy be?

How to Choose the Right Assisted Living Community

For Your Loved One…or For Yourself

For many older Americans, assisted living is an increasingly popular alternative that combines the freedom and independence of living in the home with the medical and personal services you or your loved one might also need. That doesn't mean finding the right assisted living option is easy—costs, available services, and quality of care can vary widely among facilities.

To find the right assisted living facility, start by determining the most important current and projected future needs. For some individuals social interaction is vital, while for others the need for medical or memory care assistance may be greater.

Use your list of identified needs to research potential options. Online sources like Eldercare Locator **(www.eldercare.acl.gov)**, a service of the U.S. Administration on Aging, can help narrow the field and guide further research.

Next, research the quality of care. The National Association of Area Agencies on Aging **(www.n4a.org)** conducts surveys and provides reports on aging and care services nationwide. Don't stop there…make multiple visits to the facilities you are interested in during mealtimes and on weekends when less staff tend to be on duty. Ask residents and their families about their experiences.

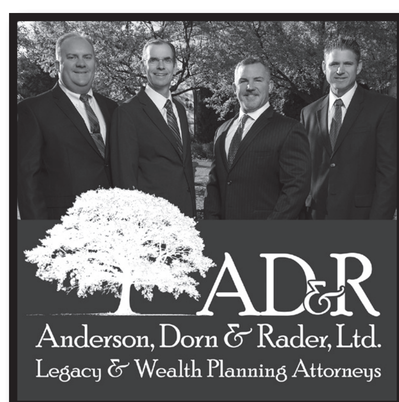
Then evaluate the financial costs involved. Ask for a written breakdown of charges and fees. Determine the base level of care, as well as the kinds of services that might result in additional fees.

Finally, consider whether options exist for aging in place. You or your loved one may need to move to a different facility if needs change; whereas in some cases the facility can accommodate increased care.

Above all, do your homework. Finding the right assisted living placement will allow both you and your loved ones to rest easy.

Compliments of Anderson, Dorn & Rader, Ltd.

Anderson, Dorn & Rader, Ltd. is dedicated to providing you with quality estate planning resources so you can become familiar with all of the existing options. When you visit or call our office, we want you to feel comfortable discussing such an important issue concerning both you and your family. We want to empower you with the information you need to make an informed decision about your family's future. Whether you need to review your foundational planning, tax and asset protection planning, or the time has come when the estate needs to be administered after a death, our team of qualified professionals is there to help you and your loved ones through this important process. You now have the option of choosing AD&R to serve as your independent successor trustee upon death or incapacity. Visit our website at **www.wealth-counselors.com** or call us at (775) 823-9455 to schedule an appointment and see why Martindale-Hubbell continues to recognize us as an AV Rated law firm.



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