

# ESSENTIAL FACTS: ESTATE PLANNING, PROBATE, AND LONG-TERM CARE PLANNING

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## Estate Planning

- **What is estate planning?**
  - Estate planning is the process of planning for incapacity through documents such as Wills, Durable Powers of Attorney, and Health Care Directives (Living Wills)
- **What are the essential estate planning documents?**
  - Will – Transfers property to heirs & paying off debts at death
  - Durable Power of Attorney – Appointing someone to make medical & financial decisions for you when you are unable to
    - Not in effect when you pass away
  - Health Care Directive (“Living Will”) – Allows you to tell doctors what sorts of treatment you do or do not want, if you are in a vegetative state & will never recover
    - Does not apply if there is any chance that you will recover (death bed document)

## Probate

- **What is probate?**
  - Probate is the legal process of distributing a person’s assets and paying off debts after that person passes away.
- WA has one of the shortest in the country and requires very little court involvement
- Main ways to avoid probate:
  - Estate worth less than \$100,000
  - Community Property Agreement
  - Revocable Living Trust
  - Insolvent Estate (more debt than there is money/assets to pay that debt)

## Long-Term Care Planning

- **What is the difference between Medicare and Medicaid?**
  - Medicare – traditional-type health insurance for adults 65 and older
    - Covers short-term nursing home care
  - Medicaid – 2 types:
    - 1<sup>st</sup> type – traditional insurance for low income individuals (part of the Affordable Care Act)
    - *2<sup>nd</sup> type – pays for nursing home and other long-term care, if applicant meets medical and strict financial requirements*
- **What does long-term care include?**
  - Nursing home care, assisted living, home care, and home health care
- **How likely is it that I will need some form of long-term care?**
  - Very likely. At least 70% of all adults will need some form of long-term care in their lives. It is a *probability* rather than a possibility, and planning is essential.
- **How much does long-term care typically cost?**
  - The average cost in Pierce County is \$5,000 - \$6,000 per month, which equals a whopping \$60,000 - \$72,000 per year!