

**ESTATE PLANNING,
PROBATE, AND LONG-
TERM CARE
PLANNING**

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WHAT IS ESTATE PLANNING?

- Estate Planning is the process of planning for death or incapacity through legal documents such as Wills, Durable Powers of Attorney, and Advanced Directives (Living Wills).

ESSENTIAL DOCUMENTS

- Will – Property transfer at death
- Durable Powers of Attorney – Allows for another person (Agent) to make medical and financial decisions for you when you are unable
 - No longer valid at death
- Health Care Directive (Living Will) – End of life document that allows you to instruct documents about final medical treatments (or lack thereof)

OTHER ESTATE PLANNING TOOLS

- POLSTs (Physician Order of Life-Sustaining Treatment) – bright green form that your doctor signs; applies to paramedics
- Community Property Agreements – allows married couples to avoid probate after first spouse passes; can result in Medicaid ineligibility
- Disposition of Remains – tells funeral home what you want done with your body when you pass away
- Guardianships – last resort, if you do not have a Durable Power of Attorney; court process

TRUSTS

- Two Main Categories:
 - Testamentary – Within a Will and only goes into effect at death
 - Nontestamentary – Stand-alone document that can go into effect before death

TESTAMENTARY TRUSTS

- Special Needs Trust – Can preserve public benefit eligibility of surviving spouse, especially regarding long-term care
- Educational Trust – Helps pay for education of children/grandchildren
- Spendthrift Trust – Keeps financially irresponsible child from spending inheritance all at once

NONTESTAMENTARY TRUSTS

- Revocable Living Trust – Helps avoid probate
- Irrevocable Trust – Assist with Medicaid eligibility IF done 5+ years in advance of needing Medicaid

WHAT IS PROBATE?

- Probate is the legal process of distributing a person's assets and paying off debts after that person passes away.

WA PROBATE

- 4-6 month process (one of the shortest in the country)
- Very little court involvement
- Main ways to avoid probate:
 - Estate worth less than \$100,000
 - Community Property Agreement
 - Revocable Living Trust
 - Have only assets not subject to probate

LONG-TERM CARE FACTS

- Includes:
 - Assisted Living
 - Nursing Home Care
 - Home Care
 - Home Health Care
- 70% of all adults will need LTC
- Average monthly cost: \$6,000
- Monthly cost range: \$1,500 - \$14,000
- 1-4 year private pay requirement at most facilities
- Ways to pay:
 - Private pay
 - Long-term care insurance
 - Medicaid/COPEs
 - VA Pension/Aid & Attendance
 - Reverse Mortgage

MEDICARE VS. MEDICAID

- Medicare – traditional-type health insurance for adults 65 and older
 - Covers very little nursing home care (about 30 days max)
- Medicaid – 2 types:
 - 1st type – traditional insurance for low income individuals
 - 2nd type – pays for nursing home and other long-term care, if applicant meets medical and strict financial requirements

MEDICAID BASICS

- Medicaid: a government program that pay for long-term care
- 2 types:
 - Medicaid for nursing home care
 - COPEs (Community Options Program Entry System) for assistance with Activities of Daily Living
- 5 year look-back period – ANY GIFTING WITHIN 5 YEARS PRIOR TO APPLYING CAN RESULT IN INELIGIBILITY
- Must meet medical and financial eligibility requirements
 - 2 components of financial eligibility: Income and Resources

MEDICAID BASICS

- Medical eligibility: Need medical care that long-term care facilities provide
- Financial eligibility: Must meet both resource and income requirements
 - No greater than \$2,000 in nonexempt *resources*.
 - Single person: All income, except about \$60 must be used to pay for part of the services.
 - Married couple: Well-spouse may keep ~\$56,000 in resources and unlimited income.

EXEMPT RESOURCES

- Resources not counted in \$2,000 resource limit:
 - Home (worth less than \$572,000)
 - Household goods & personal effects
 - Car (one car of unlimited value and used for transportation)
 - Life insurance with cash-surrender value (value if policy is canceled) of less than \$1,500
 - Most burial plots and prepaid burial plans
 - Items used for self-support, especially durable medical equipment

VA BENEFITS

- Stipend to assist veterans and their spouses in paying for long-term care
 - Married vets: ~\$2,100 per month
 - Single vets: ~\$1,850 per month
 - Surviving spouse: ~\$1,200 per month
- Eligibility:
 - Need assistance with at least 2 ADLs
 - Served at least 1 day during a wartime period
 - Not have been dishonorably discharged
 - Surviving spouse: no remarriage

VA BENEFITS

- Eligibility, cont.:
 - Served at least 1 day during a wartime period
 - WWI: 4/6/1917 – 11/11/1918
 - WWII: 12/7/1941 – 12/31/1946
 - Korea: 6/27/1950 – 1/31/1955
 - Vietnam: 2/28/1961 – 5/7/1975 (if service in Vietnam country); 8/5/1964 – 5/7/1975 (all others)
 - Persian Gulf: 8/2/1990 – TBD
 - Expenses greater than income
 - Can keep about \$30,000 in assets, not including home



QUESTIONS?

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