



Estate Planning, Probate, and Long-Term Care Planning

Presented by:

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About Me

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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 - ◆ No longer valid at death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

2 Main Categories:

- ◆ Testamentary –
Within a Will and
only goes into
effect at death
- ◆ Stand alone –
Trust that can go
into effect before
death and is not
in a Will



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

Stand-Alone Trusts

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





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

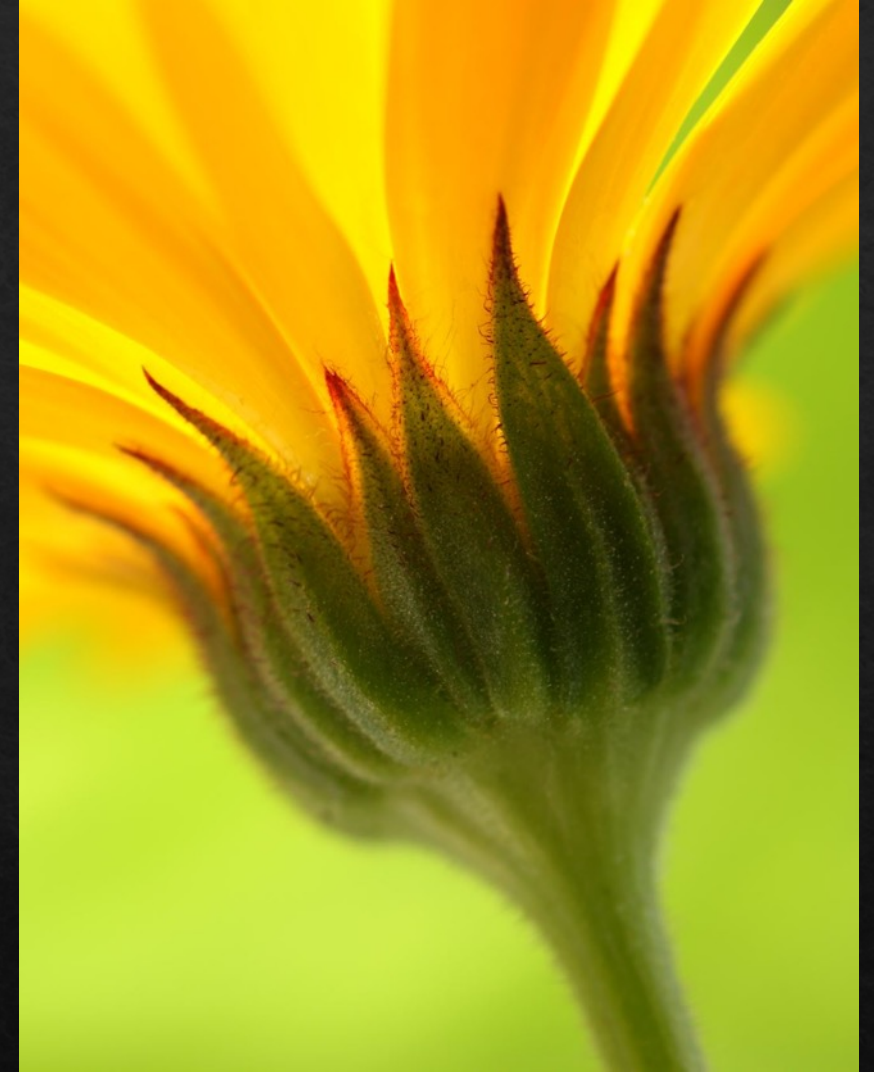
- ◆ Medicaid/COPES

- ◆ 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 (30-60 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 Overview

- ◆ 2 types (for LTC):
 - ◆ 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 DELAY IN BENEFITS
- ◆ Must meet medical and financial eligibility requirements
 - ◆ 2 components of financial eligibility: Income and Resources

Medicaid Qualifications

- ◇ 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 \$584,000)
 - ◆ Household goods & personal effects
 - ◆ Car (one car of unlimited value and used for transportation)
 - ◆ Life insurance with cash-surrender value of less than \$1,500
 - ◆ Most burial plots and prepaid burial plans
 - ◆ Items used for self-support, especially durable medical equipment

Aid & Attendance

- ◆ 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 wartime
 - ◆ Not have been dishonorably discharged
 - ◆ Surviving spouse: no remarriage



Wartime Periods

- ◆ 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





Aid & Attendance

- ◇ Can have a max of \$127,061 (including yearly income)
- ◇ LTC costs have to be more than income
- ◇ PENALTY FOR GIFTING WITHIN 3 YEARS OF APPLICATION
- ◇ Exempt resources:
 - ◇ Same as Medicaid, except no limit to home value



THANK YOU!

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