Estate Planning, Probate, and Long-Term Care Planning

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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  - No longer valid at death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:
  - 1\textsuperscript{st} type – traditional insurance for low income individuals
  - 2\textsuperscript{nd} 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

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