



Jim Koewler &lt;jameskoewler@gmail.com&gt;

## Seniors and Special Needs News - November 28, 2014

1 message

**The Koewler Law Firm** <Newsletter@protectingseniorsnews.com>  
 Reply-To: The Koewler Law Firm <Newsletter@protectingseniorsnews.com>  
 To: Jim <protectingseniorsnewsarchive@gmail.com>

Fri, Nov 28, 2014 at 9:02 AM

With help, seniors and people with special needs can keep some of their assets in the family rather than lose their entire life savings to the costs of long term care. They can use these protected assets to enhance their quality of life beyond what long term care alone will provide.

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# Seniors and Special Needs News

## Gifts as a way to Protect against Long Term Care Costs – Comparing Strategies

Today's newsletter continues the series about giving money away as a method to plan ahead for protection against long term care costs. My newsletter of September 19, 2014, the first installment of the discussion on gifting, described how the Medicaid "Aged, Blind and Disabled" program and the Department of Veterans Affairs "Pension" (aka VA "Aid and Attendance") program look at assets given away. My newsletter of September 26, 2014 discussed transferring assets to a trust for protection against long term care costs. My newsletter of October 3, 2014 discussed transferring assets to a Limited Liability Company for protection against long term care costs. My newsletter of October 10, 2014 discussed transferring assets to your children (or other family members) for protection against long term care costs. My newsletter of October 17, 2014 discussed transferring assets to your a charity for protection against long term care costs. My newsletter of October 24, 2014 discussed transferring assets to your spouse as a way to protect against long term care costs.

The current series on gifting is part of a more comprehensive series on possible ways to plan ahead to protect against long term care costs.

Previously, my newsletters discussed long term care insurance as an approach to planning ahead for long term care costs. In the long term care insurance portion of this discussion, my May 23, 2014 newsletter discussed whether to buy long term care insurance at all; my May 30, 2014 newsletter discussed looking for a stable, proven insurer; my June 6, 2014 newsletter described how to identify a proven, stable Long Term Care insurance company; my June 13, 2014 newsletter discussed the importance of protection against inflation; my June 20, 2014 newsletter suggested insuring for a four year or a five year stay in a nursing home; and my June 27, 2014 newsletter suggested a \$200 or \$250 daily rate to choose when purchasing long term care insurance. My newsletter of July 11, 2014 advised to look carefully at the list of Activities of Daily Living that can trigger coverage from the long term care insurance policy. My newsletter of July 18, 2014 described the differences between a "period of time" kind of coverage and a "pile of money" kind of coverage. My newsletter of July 25, 2014 advised to make sure that the long term care insurance includes coverage for cognitive impairment. My newsletter of August 1, 2014 discussed the differences between tax-qualified and non-tax-qualified long term care insurance policies. My newsletter of August 8, 2014 discussed the value of long term care insurance policies that qualify for the Partnership program. My newsletter of August 15, 2014 described "hybrid policies" that provide both long term care insurance and life insurance. My newsletter of August 22, 2014 described how a long term care insurance policy with a return of premium rider can be used to construct a "hybrid" life insurance/long term care insurance policy. My newsletter of August 29, 2014 described how to use a partnership policy to protect just enough of your life savings while holding down the cost of the insurance. My newsletter of September 5, 2014 described how to coordinate long term care insurance with potential veterans benefits. My newsletter of September 12, 2014 discussed how an elder law attorney can help maximize the value of long term care insurance.

The introductory newsletter in the series on planning ahead for long term care costs was published on May 16, 2014.

Today's newsletter, as part of the sub-series on how to give assets away, **summarizes and compares the different gifting strategies.**

Gifts to a spouse do not have any effect on Medicaid or VA Pension eligibility.

Gifts to a trust are the most highly protected from risks because the beneficiaries (the people whom you wish to eventually receive your money) cannot get to the contents of the trust except through the discretion of the

trustee. The beneficiaries' creditors cannot get into the trust to collect on beneficiaries' debts. But, the trust pays the highest tax rate, holding down its growth. In addition, the trust will have some initial set up costs and some ongoing administration costs.

Gifts to a Limited Liability Company are well protected because the members of the LLC (the people whom you wish to eventually receive your money) cannot get to the assets of the LLC except through the managing member. In addition, the income of the LLC is not automatically taxed at the highest tax rate. Each member pays his or her share of the tax at his or her applicable tax rate. Members' creditors, however, may be able to take the members' ownership interest in the LLC. (Creditors can't get at the assets inside the LLC except through the decisions of the managing member, but they can become members of the LLC in place of the original members' because of the original members' debts.) In addition, the LLC will have some set up costs and some ongoing administration costs.

Giving to children (or close friends) is the easiest and least expensive gifting method. There are no set up costs and no administration costs (like with an LLC or trust.) not protected at all from the child's risks. It is also the most flexible gifting method if you don't hold back enough assets to support yourself because it is easy for a child to just give some money back when you need it. Giving to children is, however, the riskiest gifting method. Once the child receives the assets, the child's creditors can pursue the assets easily.

Giving to charity is completely inflexible and should be done (if at all) with only a small part of your assets and then only in line with the charitable practices that you would follow under "normal circumstances" (i.e., Don't let the with to pre-plan for long term care costs cause you to give much more to charity than you would otherwise give.) The gifts to charity will be used by the charity almost immediately, so there is no way to reverse the gift if you miscalculate your future living expenses.

No matter which gifting strategy seems best for you, do not give away all of your assets. You need to hold back enough to support yourself. Because this discussion is about gifting before you need care, there won't be any Medicaid or VA Pension benefit coming in the near future that you can use to pay your bills. You must hold onto some of your assets.

Above all else, please remember that the gifting strategies discussed in this series are for long term care PRE-PLANNING (i.e., when you are worried about, but don't yet need, long term care.) The analysis in this series is not appropriate for someone who needs care now or will probably need care within 5 years.

## **Social Media Posts from the past week**

11-27-2014 Congressional legislation to help #SpecialNeeds children of

#Veterans <http://ow.ly/EUUuq>

11-26-2014 #BeASantaToASenior: Look for this program in your area <http://ow.ly/EmNfc>

11-25-2014 Maybe fewer need #LongTermCareInsurance (but variety of policies still make it useful) <http://ow.ly/EK142>

11-24-2014 Lots of options for #SeniorCare <http://ow.ly/EJskq>

11-23-2014 Beware #EstatePlans offered by non-lawyers or that offer to cover everything <http://ow.ly/EJrqp>

11-22-2014 A way to avoid waiting for #Veterans #MedicalCare <http://ow.ly/ElbgN>

11-21-2014 Choosing between a #Medicare #AdvantagePlan and a #MedicareSupplement - more details <http://wp.me/p47F09-7V>

Older social media posts can be found in the [social media post archive](#) on the firm's website, [ProtectingSeniors.com](http://ProtectingSeniors.com).

## The Koewler Law Firm News

12-16-2014 Jim Koewler will speak to a caregiver luncheon at Brookdale Place in Bath, Ohio about legal issues when someone has dementia.

6-16-2015 Jim Koewler will speak on planning ahead to protect your life savings against long term care costs at a meeting of the University Hospitals Bedford Medical Center SeniorNet at the Atrium of Anna Maria in Aurora, Ohio.

Older items of firm news can be found in the [news archive](#) on the firm's website, [ProtectingSeniors.com](http://ProtectingSeniors.com).

## Jim's available presentations

- Navigating Medicaid, Medicare, and the Affordable Care Act (Continuing Education credit available for social workers, counselors, nurses, and Certified Case Managers)
- Preventing Senior Fraud (Continuing Education credit available for social workers, counselors, nurses and Certified Case Managers)

- My Care Ohio and Medicare/Medicaid “Dual Eligibles” (Continuing Education credit available for social workers, counselors, nurses, and seeking approval for Certified Case Managers)
- Government Benefits that can help Pay for Long Term Care (Continuing Education credit available for social workers, counselors, nurses, and seeking approval for Certified Case Managers)
- Legal Issues for People with Dementia (Continuing Education credit available for social workers, counselors, and nurses)
- Protect your Life Savings from the Costs of Long Term Care (Continuing Education credit available for social workers, counselors, and nurses)
- Veterans Benefits for Long Term Care (Continuing Education credit available for social workers, counselors, and nurses)
- Advance Directives – Powers of Attorney, Living Wills, etc. (Continuing Education credit available for social workers, counselors, and nurses)
- Buying Long Term Care Insurance Wisely (Continuing Education credit available for social workers, counselors, and nurses)
- Planning Ahead to Protect against Long Term Care Costs (Continuing Education credit available for social workers, counselors, and nurses)
- Protecting your Money when you need Long Term Care and Essential Estate Planning Considerations (with free living wills for the audience)
- Myths about Long Term Care
- How to help your Parents Manage their Affairs

## **Upcoming meetings**

- 11-1-2014 The Association of Specialists in Aging Chili Cook-Off, Mentor Senior Center
- 11-4-2014 Aging Services Network of Euclid, Euclid Hospital's Waltz Auditorium, 8:30 a.m.
- 11-5-2014 Stark Senior Services Network, Canton Baptist Temple, 9:00 a.m.
- 11-5-2014 Richfield Chamber of Commerce luncheon, Richfield Days Inn and Suites, 11:45 a.m.
- 11-5-2014 Medina County Senior Services Network's Client Services Committee, Sully's 3:00 p.m.
- 11-12-2014 Medina County Senior Services Network, Medina Community Recreation Center, 8:00 a.m.
- 11-12-2014 Summit Senior Sales, Administrators and Marketers Association, Hickory Ridge, 2:30 p.m.
- 11-13-2014 Lorain County Senior Services Network, Busch Funeral Home, 8:30 a.m.
- 11-17-2014 Medina County Senior Services Network's Education Committee, Tres Potrillos in Medina, 11:30 a.m.
- 11-18-2014 UH Bedford Senior Network, Home Instead, Oakwood Village, 8:30 a.m.
- 11-19-2014 PASS, Briarcliff Manor - The Hills, 8:30 a.m.
- 11-20-2014 Parma Hospital Senior Resource Network, Manorcare of Parma,

8:30 a.m.  
11-20-2014 Portage Senior Services Network, Coleman Adult Day Services,  
8:30 a.m.  
11-21-2014 Eldercare Professionals of Ohio, Cornerstone of Hope, 9:00 a.m.  
11-25-2014 Summit County Senior Services Network, Anthony Kucko  
Kertesz Funeral Home, 8:00 a.m.  
11-25-2014 Professional Networking Group, Homewood of Richmond  
Heights, 8:30 a.m.  
12-2-2014 Aging Services Network of Euclid, Euclid Hospital's Waltz  
Auditorium, 8:30 a.m.  
12-3-2014 Stark Senior Services Network, Canton Baptist Temple, 9:00 a.m.  
12-3-2014 Richfield Chamber of Commerce luncheon, Richfield Days Inn  
and Suites, 11:45 a.m.  
12-3-2014 Medina County Senior Services Network's Client Services  
Committee, Sully's 3:00 p.m.  
12-10-2014 Medina County Senior Services Network, Medina Meadows,  
8:00 a.m.  
12-10-2014 Summit Senior Sales, Administrators and Marketers Association,  
Visiting Nurse Service, 2:30 p.m.  
12-10-2014 PASS, Care Corp, 8:30 a.m.  
12-11-2014 Professional Networking Group, Grande Village, 8:30 a.m.  
12-17-2014 Medina County Senior Services Network's Education  
Committee, Tres Potrillos in Medina, 11:30 a.m.

## Newsletter Archive

Past issues of this newsletter can be found in the [newsletter archive](#) on the firm's  
blog site, [ProtectingSeniors.com](#).

## Contact Jim Koewler

If you'd like to contact Jim, this newsletter has a dedicated [contact page](#) on the  
firm's blog site, [ProtectingSeniorsNews.com](#).

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P.O. Box 443



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