

**PA ALLIANCE OF RETIREMENT  
COMMUNITY RESIDENTS**

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***ESTATE PLANNING FOR OLDER  
PERSONS***

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## *ESTATE PLANNING*



- **Wills and Trusts**
- **Powers of Attorney**
- **Guardianships**
- **Advanced Health Care Directives**
- **Revocable Living Trusts**

# ***PROBATABLE ESTATE***

## **Solely Owned Assets**

# ***NON-PROBATABLE ESTATE***

- 1. Jointly Held Assets**
- 2. Beneficiary Designation Assets**
  - IRA (401K, SEPS)**
  - Pension**
  - Life Insurance Policies**
  - Annuities**

# ***PENNSYLVANIA INHERITANCE TAXES***

- **Spouses and Charities** **0%**
- **Children, Parents,  
Grandchildren** **4.5%**
- **Siblings** **12%**
- **Nieces, Nephews, Aunts,  
Uncles, Friends, Others** **15%**

# ***FEDERAL ESTATE TAX***

## **Unified Credit**

2002 & 2003	\$1,000,000
2004 & 2005	\$1,500,000
2006, 2007 & 2008	\$2,000,000
2009	\$3,500,000
2010	\$ 0
<b>2011</b>	<b>\$5,000,000</b>
<b>2012</b>	<b>\$5,000,000</b>
<b>2013</b>	<b>\$1,000,000</b>

# ***TAX WORKSHEET***

	<b>Husband</b>	<b>Wife</b>
<b>FMV of Home (Equity)</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>Other Real Estate</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>Savings/Credit Union</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>Checking/Money Markets</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>Treasury Bills/Savings Bond</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>Certificates of Deposit</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>Stocks/Bonds</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>IRAs</b>	<b>\$ _____</b>	<b>\$ _____</b>

# ***TAX WORKSHEET (Continued)***

	<b>Husband</b>	<b>Wife</b>
<b>Annuities</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>Life Insurance (Federal)</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>Retirement/Pension Funds</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>Household/Automobiles</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>Other</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>Sub Totals</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>Total Estate</b>		<b>\$ _____</b>

# ***LAST WILL AND TESTAMENT***

## **Definition:**

**A legal document which addresses the administration of an estate, including:**

- **The bequeaths or distribution of funds**
- **Terms of the bequeaths or distributions**
- **Amounts of the bequeaths**
- **Executors/Trustees**

# ***POWERS OF ATTORNEY (POA)***

## **Definition:**

**A legal document assigning rights and powers to another person(s) or institution; i.e., bank, agency. The rights and powers may be limited or unlimited; i.e., limited regarding the sale of a home, unlimited regarding finances.**

# ***REASONS FOR POWERS OF ATTORNEY***

- **Protection**
- **Choosing person, agency or institution you want to act for you**
- **Handling financial matters**
- **Handling health care matters**

# ***GUARDIANSHIP***

## **Definition:**

**A legal proceeding to determine the capacity of an individual and if the person is deemed incapacitated, then to appoint a guardian to the person and/or estate.**

***Can be avoided with proper Power of Attorney document***

## *GUARDIANSHIP (Continued)*

- *Court costs and fees* – **filing fee and reporting fees**
- *Timing* – **2 – 3 months from beginning of proceeding**
- *Contested Guardianships* – **1 – 2 – 3 years**

# *ADVANCED HEALTHCARE DIRECTIVES (LIVING WILLS)*

- 1. Permanent state of unconsciousness or terminal condition**
- 2. Specific directives:**
  - **Cardiac resuscitation**
  - **Mechanical respiration**
  - **Tube feeding or any other artificial form of nutrition or hydration**
  - **Blood or blood products**

# *ADVANCED HEALTHCARE DIRECTIVES (LIVING WILLS)*

## *(Continued)*

- **Any form of surgery or invasive diagnostic tests**
- **Kidney dialysis**
- **Antibiotics**

### **3. Additional directives:**

- **Organ donation instructions**
- **Do Not Resuscitate Order**
- **“Guidelines” or “Must Follow” directive**

# ***LIVING TRUSTS***

- **A more complicated Last Will and Testament substitute**
- **Trust created with terms of management and distribution during lifetime and at death**
- **Funding of Trusts – very important**
- **Avoids probate process (if funded properly)**
- **Requires Trust Administration (similar to probate)**

# *LIVING TRUSTS*

- **Avoids probate costs (\$400 for \$250,000 estate)**
- **Living Trusts costs \$1,500-\$2,500 (Last Will and Testament generally costs \$100-\$250)**
- **Management of funds**
- **Out-of-state realty – avoids dual probate**

# *LIVING TRUSTS*

## **BE CAUTIOUS AND REMEMBER**

- **Lots of Living Trust scams in PA!! Be alert!**
- **Living Trusts are tax neutral – taxes are identical with a Living Trust or a Will**
- **Living Trust does not shelter money from nursing home costs**
- **Can be cumbersome if amended multiple times**

# ***VETERANS' BENEFITS***

## **Non-Service Connected Benefits:**

### **Improved Pension (income benefit)**

- 1. Low Income Pension**
- 2. Housebound benefits**
- 3. Aid and Attendance benefits**

# *AID & ATTENDANCE*

## **General Eligibility Requirements**

- Permanently and totally disabled OR over age 65 (except for widows)
- Honorably discharged
- Served 90 consecutive days active duty
- Served 1 day during wartime
- Net worth and income determinations

# *AID & ATTENDANCE*

## **NET WORTH DETERMINATION:**

All assets of the Veteran and dependents  
except:

- Primary Residence
- Household Goods
- Car
- Jointly owned assets (with non-household member) are proportionately owned

# *AID & ATTENDANCE*

## **NET WORTH DETERMINATION:**

### “Sufficient Means”

1. \$80,000 standard limit
2. Age Analysis: based on life expectancy, medical costs, and income.

# *AID & ATTENDANCE*

## **INCOME DETERMINATION**

Gross Income LESS Un-reimbursed Medical  
Expenses

# *AID & ATTENDANCE*

## Un-reimbursed Medical Expenses:

- Privately Paid Nursing Home Costs
- Privately Paid Assisted Living Costs
- Privately Paid Home Health Care Costs
- Prescription costs
- Insurance Premiums
- Co-pays

# *AID & ATTENDANCE*

## **Income Limits for Veteran**

- |    |  |                   |
|----|--|-------------------|
| 1. | Veteran with no dependents   | \$985/mo          |
| 2. | Veteran with a dependent   | \$1,291/mo        |
| 3. | Housebound veteran with no dependents                              | \$1,204/mo        |
| 4. | Housebound veteran with dependent                                  | \$1,510/mo        |
| 5. | <b>Veteran requiring aid and attendance<br/>with no dependents</b> | <b>\$1,644/mo</b> |
| 6. | <b>Veteran requiring aid and attendance<br/>with dependent</b>     | <b>\$1,949/mo</b> |

# *AID & ATTENDANCE*

## **Income Limits for Surviving Dependent**

- |    |   |                   |
|----|---|-------------------|
| 1. | With no dependent child                                   | \$666/mo          |
| 2. | With dependent child                                      | \$865/mo          |
| 3. | Housebound with no dependent child                        | \$808/mo          |
| 4. | Housebound with dependent                                 | \$1,012/mo        |
| 5. | <b>Requiring aid and attendance<br/>with no dependent</b> | <b>\$1,056/mo</b> |
| 6. | Requiring aid and attendance<br>with dependent            | \$1,260/mo        |

# ***AID & ATTENDANCE EXAMPLES***

Single Veteran residing in assisted living

\$2,000 per month income

-\$3,500 per month medical expenses

= \$0 income for VA purposes

**Aid and Attendance benefit = \$1,644/mo**

\*Examples for general purposes only; exact calculations may vary

# *AID & ATTENDANCE*

Veteran with spouse; Veteran residing in assisted living

\$4,000 per month combined income

-\$3,500 per month medical expenses

= \$500 income for VA purposes

**Aid and Attendance benefit = \$1,449/mo**

(maximum benefit of \$1,949 - \$500 = \$1,449)

\*Examples for general purposes only; exact calculations may vary

# *VETERANS' BENEFITS*

## **SCAM ALERT**

- Irrevocable Trusts and Annuities
- Not required to qualify for Veterans Benefits

# Questions and Answers

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