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LAW OFFICE OF THOMAS J. HANSEN, LTD. **THJH**

## *Crisis Medicaid Planning*

One of the most difficult experiences for a family to go through is a catastrophic illness of a loved one. With there being a fifty percent chance that those over 65 will need nursing home care, this situation will happen to many of us. Financial disaster threatens when the cost of nursing home care is now almost \$80,000 a year!

However, you and your loved one do not have to lose everything! A good elder law attorney can preserve assets and qualify the

person for Medicaid. If you have a relative or loved one either already in a nursing home or about to enter one, we can help. **Contact us today or call us at (847) 292-1800.** Perhaps the one entering the nursing home is your spouse, and you are concerned about protecting your means of support, or your income and want to know how you will manage the maze of Medicaid regulations. We are trained to provide expert assistance in such situations.

**FINANCIAL  
DISASTER  
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## *Ten Good Reasons To Have An Estate Plan*

### **1. NO MATTER YOUR NET WORTH, IT'S IMPORTANT TO HAVE A BASIC ESTATE PLAN IN PLACE.**

An estate plan ensures that your family and financial goals are met after you die. It is a process. It involves people—your family, other individuals and, in some cases, charitable organizations of your choice. It also involves your assets (your property) and the various forms of ownership and title that those assets may take. Overall, it addresses your future needs in case you ever become unable to care for yourself. It is not only for the elderly – even young people are faced with unfortunate circumstances: health related, automobile accidents and so forth.

### **2. AN ESTATE PLAN HAS SEVERAL ELEMENTS AND CONSIDERATIONS. IT CAN INCLUDE**

1. A will.
2. How and by whom your assets will be managed for your benefit during your lifetime if you ever become unable to manage them yourself.

3. The assignment of a power of attorney (POA)
4. When and under what circumstances it makes sense to distribute your assets during your lifetime.
5. How and to whom your assets will be distributed after your death.
6. A living will or health care proxy. How and by whom your personal care will be managed and how health care decisions will be made during your lifetime if you become unable to care for yourself.
7. For many, the establishment of a trust, may also be suitable.

### **3. WHAT IS INVOLVED IN ESTATE PLANNING? TAKING INVENTORY OF YOUR ASSETS IS A GOOD PLACE TO START.**

Your assets include your investments, retirement savings, insurance policies, and real estate or business interests. A good place to start is to ask yourself the following questions:

1. What are my assets and what is their approximate value?
2. Whom do I want to receive

### **WHY HAVING AN ESTATE PLAN IS CRITICAL**

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those assets—and when?

3. Who should manage those assets if I cannot—either during my lifetime or after my death?
4. Who should be responsible for taking care of my minor children if I become unable to care for them myself?
5. Who should make decisions on my behalf concerning my care and welfare if I become unable to care for myself?
6. What do I want done with my remains after I die and where would I want them buried, scattered or otherwise laid to rest?

Once you have some answers to these questions, our office can help you create an estate plan, and advise you on such issues as taxes, title to assets and the management of your estate.

#### **4. EVERYBODY NEEDS A WILL.**

A will tells the world exactly where you want your assets distributed when you die. It's also the best place to name guardians for your children. Dying without a will - also known as dying "intestate" - can be costly to your heirs and leaves you no say over who gets your assets. Even if you have a trust, you still need a will to take care of any holdings outside of that trust when you die.

#### **5. TRUSTS ARE NOT ONLY FOR WEALTHY PEOPLE.**

Trusts are legal mechanisms that let you put conditions on how and when your assets will be distributed upon your death. They also allow you to reduce your estate and gift taxes and to distribute assets to your heirs without the cost, delay and publicity of probate court, which administers wills. Some also offer greater protection of your assets from creditors and lawsuits.

#### **6. DON'T I ONLY HAVE TO DISCUSS MY ESTATE PLANS WITH MY FAMILY (HEIRS ) TO PREVENT DISPUTES OR CONFUSION?**

Inheritance can be a loaded issue and at times full of mixed emotions and even greed. By being clear about your intentions with your loved ones, you may help dispel potential conflicts after you're gone, however, there may be issues you do not wish to speak of. Discussing your true wishes in confidence with your attorney can help provide you with peace of mind.

#### **7. THE FEDERAL ESTATE TAX EXEMPTION - THE AMOUNT YOU MAY LEAVE TO HEIRS FREE OF FEDERAL TAX - HAS HIT \$3.5 MILLION IN 2009.**

The estate tax is scheduled to phase out completely by 2010, but only for a year. Unless Congress passes new laws between now and then, the tax will be reinstated in 2011 and you will only be allowed to leave your heirs \$1 million tax-free at that time.

#### **8. YOU MAY LEAVE AN UNLIMITED AMOUNT OF MONEY TO YOUR SPOUSE TAX-FREE, BUT THIS ISN'T ALWAYS THE BEST TACTIC.**

By leaving all your assets to your spouse, you don't use your estate tax exemption and instead increase your surviving spouse's taxable estate. That means your children are likely to pay more in estate taxes if your spouse leaves them the money when he or she dies. Plus, it defers the tough decisions about the distribution of your assets until your spouse's death.

#### **9. THERE ARE TWO EASY WAYS TO GIVE GIFTS TAX-FREE AND REDUCE YOUR ESTATE.**

You may give up to \$13,000 a year to an individual (or \$26,000 if you're married and giving the gift with your spouse). You may also pay an unlimited amount of medical and education bills for someone if you pay the expenses directly to the institutions where they were incurred.

#### **10. THERE ARE WAYS TO GIVE CHARITABLE GIFTS THAT KEEP ON GIVING.**

If you donate to a charitable gift fund or community foundation, your investment grows tax-free and you can select the charities to which contributions are given both before and after you die.

## *I Have A Will, So Why Do I Need An Estate Plan?*

Here at the Law Office of Thomas J. Hansen, we ask our clients what their most important concerns are. Most often, we receive a variety of different answers, yet there is always one common concern: How do I remain independent in my home without

being a burden on my loved ones or having to get assistance?

For reasons ranging from acute illness to long-term health conditions, more than 7.6 million Americans receive in-home care, according to the U.S. Census Bureau. But that number is far

greater if you include care given by family members. Informal care is given to an adult family member in 1 in 5 American households, according to the 2004 survey Caregiving in the U.S. The typical caregiver is a 46-year-old woman, who spends about 20



# No Simple Answers:

Most families using Medicaid planning have very little assets to begin with. Most are simply concerned with keeping the house in the family. Children have seen their parents struggle to preserve and have pride in an asset they can call their own and possibly pass on to children.

hours a week taking care of her mother, according to the survey, which was paid for by the National Alliance for Caregiving and AARP.

## **FAILING TO PLAN**

Long-term care is not high on the list for most people. It is difficult to imagine you or a loved one aging to the point where intervention is required. In fact, many people do not give it consideration until it happens.

## **BUT...I HAVE A WILL**

Ironically, a will is not enough protection. Long-term planning is referred to as estate planning and it will not only protect you and your loved ones, but it will guide the process for situations that you may not want, or expect.

While in our profession it is difficult to understand why more people do not take the time to learn about estate planning and the benefits of it, it saddens us to see the crisis situations that could be avoided.

## **I DO NOT WANT TO EVER BE PUT IN ONE OF THOSE "HOMES"**

Today in the United States there are over 16,000 nursing homes. Nursing homes, also known as skilled nursing facilities, are for seniors who require constant medical care and need significant assistance with the activities

of daily living. The goal of care in a nursing home is to help individuals meet their daily physical, medical, social, and psychological needs. Nursing homes are generally stand alone facilities, but some are operated within a hospital or an assisted living community.

Residents of nursing homes generally have high care needs and complex medical conditions that require routine skilled nursing services. Due to the constant care needs of its residents, nursing homes are required by federal law to have a licensed nurse on duty 24 hours a day. Residents typically share a room and are served meals in a central dining area. Residents should have the opportunity to be involved in activities that provide mental, physical, and social stimulation. Be sure to ask about activities offered when you tour the facility. The average cost of care for nursing home care ranges between \$5,500 and \$9,000 per month. Cost is determined by the level of care needed, the setting where the care is provided, and the geographic location. Due to the high cost of care, many residents use supplemental funding from the government in the form of Medicare and/or Medicaid.

Our office can help you understand the benefits available today, the types of assistance to consider and what type of funding support you may qualify for.

## **THINGS TO THINK ABOUT**

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- For reasons ranging from acute illness to long-term health conditions, more than 7.6 million Americans receive in-home care, according to the U.S. Census Bureau. But that number is far greater if you include care given by family members. Informal care is given to an adult family member in 1 in 5 American households, according to the 2004 survey Caregiving in the U.S.