Estate Planning News: elderlaw today

Deason Law Firm
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3 Myths Women Have About Estate Planning

In this modern era, traditional gender roles are fading fast. Gone are the days of Donna Reed and June Cleaver. However, gender still makes a difference. One of these ways is estate planning. But, why? Women continue to live longer than men do. In fact, according to MsMoney.com 75% of women will become widows at some point in their life. A woman is an average 56 years of age when she is widowed.

It may not be fair, but women are the ones affected by poor planning because, statistically, women live longer—an average of 6.7 years longer. There are several myths women hold about estate and retirement planning:

Myth #1 - I'm not old enough to worry about it, yet. Planning is important at any age. You are not just planning for what happens to your assets at your death, but also who will take care of things if you become incapacitated. Furthermore, while you are young and your children are still minors, it is important to select guardians to raise them if something happens to you.

Financially, if you start saving early, it will be much easier to have a comfortable retirement. And remember, on average, women are only 56 years old when they become widows. So, your husband may not be around when it comes time for retirement.

Myth #2 - My estate isn't big enough to worry about estate taxes. Maybe it isn't today, but it may be by the year you die. The amount you can pass free from estate taxation under current law goes *down* in 2011 to $1 million. Meanwhile, the average person's assets continue to grow. For example, over the long run, a broad measure of large U.S. stocks, the S&P 500 index, has increased on average 10.4% annually since 1926. That means it doubles approximately every seven years. So, if you have over $500,000 today and you expect to live more than seven years, you'd have a taxable estate! By starting early and planning, you can minimize estate taxes.

Myth #3 - If we hold property in joint tenancy, we don't have to worry about estate planning. Joint tenancy can be a simple way to avoid probate and having to re-title assets upon the death of one spouse. However, joint tenancy passes all the dead spouse's assets to the surviving spouse, but it does not deal at all with what happens at the death of the surviving spouse. Further, joint tenancy is not a solution to the problems of incapacity.

Women live longer than men and are likely to survive their husbands, having to pick up the pieces after their husbands' deaths. This is why, despite the many myths out there, estate and retirement planning is critical for women.

Estate and retirement planning can be a complex puzzle. A qualified estate and retirement planning attorney can help you put all the pieces together. With a well-planned estate and retirement, you can rest easier. Your future will be secure. You will have laid the foundation for a great life. You will have guarded against incapacity and the death of your spouse or partner. And, finally, you will have gotten your children off on the right path. It's amazing what a little bit of planning can do!.

If you are interested in scheduling an appointment to meet with Mr. Deason, please call Mary at (928) 783-4575.

Member of NAELA:
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How a Single Person Can Have $100,000 or More in Assets & Still Qualify for Medicaid

Pearl Williams*, age 77, has lived in Yuma, AZ. since the mid-Fifties. She remembers JFK's Inaugural Address ("Ask not what your country can do for you…"), Watergate ("I'm not a crook"), Charles and Diana ("The Fairytale Wedding") and empty promises ("Read my lips… no new taxes").

She also remembers how she and her late husband Wally scrimped and saved so they'd have something to pass on to their children. They managed to save nearly $100,000… all in CDs and savings bonds…before Wally's death. But now it's all at risk. Pearl has just learned that she needs care in a nursing home, and with her modest income of $582 per mo. in social security, and with the nursing home cost of $3,200 per mo., she knows her life's savings won't last long. She feels like she has let Wally down… like everything they worked for will soon be gone.

But wait, there is hope… she can turn her assets (i.e., her CDs and savings bonds) into an income stream and qualify for Medicaid without spending down. If she purchases an annuity to accomplish this. Here's how it works… Pearl would purchase an annuity through an insurance company. In order to meet the Medicaid rules and regulations, the annuity must be irrevocable and must be payable over Pearl's life expectancy which is based on the Social Security Administration, and it must be immediate.

For instance, since Pearl is age 77, according to the Social Security Administration, the annuity must be designed to pay Pearl a monthly income for at least the next 10 yrs. Depending upon the company used, as well as interest rates at the time, a $100,000 annuity payable over 10 yrs might pay Pearl about $825 per mo. for her lifetime. These payments would be income to Pearl and could be used to offset the cost of the nursing home. Once the annuity has been issued, Pearl can apply for Medicaid and it will pay the cost of the nursing home. However, income will count as a resource the next month if not spent.

Recall that the annuity will pay Pearl a month income for the next 10 yrs. If Pearl passes away after 3 yrs, slightly more than the average length of stay in a nursing home, the annuity will continue to pay the month income to her beneficiaries for the remainder of Pearl's life expectancy. In other words, in this case, the annuity would pay Pearl for the first 3 yrs and would pay her children for the next 7 yrs.

The bottom line is that Pearl will have qualified for Medicaid immediately, passed on 70% of her estate to her children and is able to receive the care that she needs.

If there is a chance that you may need long-term care down the road and you want to preserve some of your assets for yourself, pre-planning is essential. A qualified estate planning and elder law attorney can help you avoid the harsh application of the new Federal Medicaid rules. **Call our office at 783-4575 to schedule a free 15-minute Medicaid consultation with Robert Michael Way, Esq.**

**All names used in this article are fictitious.*

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Deason Law Firm
242 W. 28th Street, Ste. A
Yuma, Arizona 85364

This information is for general purposes only and does not constitute legal advice.

October is National Breast Cancer Awareness Month!

Deason Law Firm values women and their importance in our lives, therefore; this newsletter is dedicated to women. See our featured estate planning article, Titled: 3 Myths Women have about Estate Planning. Our Elder Law Today will provide information about How a Single Person Can Have $100,000 or More in Assets & Still Qualify for Medicaid. Remember women, it is important to get regular check ups and exams. You are never too busy, too tired or too nervous to take care of YOU. What would we do without the wives, mother, sisters, aunts and girlfriends in our lives??

The Deason Law Firm is here to help you. At our informative seminars, you will find out, in simple terms, how a living trust works and how it will protect against probate, guardianship, creditors and taxes. Register now, and take the first step toward providing financial security for your family's future and eliminating the uncertainty and confusion surrounding your estate.
Estate Planning… It's What We Do!

Attend Our Seminar:
Thursday, November 1st
9:30am or 6:30pm
Yuma Civic & Convention Center

Please reserve your seats with Mary at: 783-4575.

Coming Soon:
Deason Law Firm
Annual Client Family Seminar
January 2008

This is a complimentary newsletter. If you are NOT interested in receiving this information in the future, please contact Mary at 783-4575.

Deason Law Firm
242 W. 28th Street, Ste. A
Yuma, Arizona 85364
www.deasonlaw.com

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