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Creative Uses of Medicaid Asset Protection Trusts:

2014 a few Attorneys asked us if we could lend to real property held in a Revocable Trust. After discussing pros & Cons with underwriters and different lenders we produced a few borrowing options, with the belief that retirees should have borrowing options to age in their homes safely and without restrictions.

We have assisted many homeowners with fixed rate mortgages, H.E.C.M.'s (Reverse mortgages) and they were able to keep their home protected with a P.T.A.P.T.



Financial Assessment:

We find that once an individual has organized their financial information, aging in place decisions can be made based upon their monthly cash-flow analysis

How long have you lived in your home?

What is the estimated market value of your home?

What is your and your spouse/significant others (if applicable) date of birth?

What is the annual real estate tax amount?

What is the annual cost for homeowners insurance/food insurance?

What is the monthly homeowners association (HOA) dues? (if applicable)

What are the monthly cost of utilities? (gas/electric, TV, Internet, Oil)

Financial Assessment:

What are your daily activity limitations? ADL's-Activities of Daily Living

What is the local cost of daily care?

Do you receive NYS & Federal Benefits? VA Benefits?

How is the home owned? Individually, life estate, trust, etc.

What are your monthly debts? Credit cards, etc.

What do rentals cost in your area? Downsizing?

Do you need any work on your home? To make it safer?

Can you accommodate a live in health care aide with present layout of home?

Do you want to consider a care facility full time?

Do you want to stay home and age in place safely?



Case Study

- James & Mildred are both age 83..
- Their home needs normal wear & tear repairs.
- They receive SSA & a small pension as income.
- Mildred needs some assistance with dressing & bathing.
- Home was placed in a M.A.P.T. 3 years ago.
- HECM LOC can be approved based upon financial assessment.
- LOC allows James and Mildred to fix repairs and pay for home care.

Case Study #2

- Michael & Joan are both Age 66.
- Their home has been in a M.A.P.T. for 3 years.
- They need Home Health Care (companion) for Michael who had a stroke.
- They qualify for a Home Equity Conversion Mortgage (LOC).
- HECM LOC in the amount of \$235,000 was the best option since it allowed more positive cash flow for their family (adult child assists with some of the monthly bills).
- 2 years into the loan, Joan loses her job (downsizing) but they can still maintain their lifestyle and care for Michael since no monthly required payments are needed for a HECM-LOC



- Mary is 82 and her Daughter Doris is 56 years of age and they live together.
- Mary now needs 24/7 care due to Alzheimer's Disease.
- Doris was contributing to monthly bills but cannot afford 24/7 care.
- Local Medicaid will provide for some of needed home health care.
- Home has been in a M.A.P.T. now for 12 years and Doris qualified for a 30 year fixed rate Trust Mortgage.

Case Study #3

Case Study #4



- Bob & Agnes are both 88 years of age and own 4 properties.
- All 4 properties have been transferred into a M.A.P.T. 6 years ago.
- Besides their primary residence they own 3 rental properties.
- Their trustee (son - James) qualified to borrow \$345,000 on trust owned properties.
- They decide to sell Bob & Agne's primary residence and build an extension on Jame's home for them to live. Some of the borrowed monies can be used for home health care aids for both parents which will allow them to age in place safety with their son and his family.

Trust Borrowing Options:



Age Safely at Home



Keep your Independence



We offer financial solutions to help our senior communities to Age in Place.

Contact us at:

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Helping Retirees Age in Place Safely for over 20 years

CREATIVE USES OF MEDICAID ASSET PROTECTION TRUSTS

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What is Medicaid?

- Government Assistance Program
- Needs-Based
- State Administered
- Pays for Long-Term Care (Nursing Home and Community)

Medicaid Assets & Income

- **Needs Based:**
 - **Assets:**
 - Single Individual: \$16,800
 - Married Couple: \$16,800 for the institutionalized spouse; \$74,820 - \$137,400* for the well spouse, unless you submit a spousal refusal.
 - Home as an “Exempt” Asset – up to \$955,000 equity value
 - Home passing through a Will or Intestacy is subject to estate recovery
 - Home may be subject to lien if in nursing home more than 6 months
 - **Income:**
 - Community (Single Individual): \$954 plus health care premiums
 - Nursing Home (Single Individual): \$50 plus health care premiums

Medicaid Lookback

- **Nursing Home Medicaid**
 - Five-year lookback period
- **Community Medicaid**
 - Currently No lookback period
 - Law changed in 2020 to implement a 2½ year lookback period, but has not yet gone into effect

What is a Medicaid Trust?

“Medicaid Asset Protection Trust”

Trusts are contractual agreements between the grantor and trustee for the benefit of the beneficiaries.

Trusts are used to distribute income and/or hold property to avoid Medicaid from attaching assets.

- The trust is irrevocable
- The grantor chooses the lifetime beneficiaries and residuary beneficiaries
- The grantor and his/her spouse can ONLY receive income (NO principal) from the trust
- Upon asset transfer to the trust it starts the clock on the look back period for Medicaid qualification

Medicaid Asset Protection Trust: Better Than Just Gifting

- Protects against outright transfers to children, who may:
 - Evict parent(s) out of the house
 - Get married/divorced
 - Get sued
 - Not return money if during the look back period
 - Use money irresponsibly
- Preserves the step-up in basis

Medicaid Asset Protection Trust Process

1. Create trust with children/family member(s)/trusted friend(s) as trustee(s)
Use an attorney – DO NOT try and do this on your own
2. Place home and/or select of assets in the trust
3. This begins a 5 year look back period for Nursing Home Medicaid
4. After the 5 year look back period, the MAPT assets are protected when you apply for Medicaid

Contact Us – We Can Help



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