

SMART PLANNER

Useful Tips for a Better Tomorrow

Summer 2020

3 Documents for Peace of Mind During this Pandemic



If we're honest, most of us have spent some time in the last few weeks thinking about mortality—our own and that of our loved ones. It's not surprising given the fact that we're living through a pandemic that has caused unprecedented disruptions to our daily lives. We're dealing with a lot of uncertainty, which can be scary.

Being prepared is one of the most effective ways to alleviate anxiety caused by uncertainty.

While none of us can fully control the current situation, there are things each of us can do to help ensure that we have fewer things to worry about in case of dire emergency.

Getting key legal documents in place is one way to bring yourself some much needed peace of mind. Here are the three most important estate planning documents and why they are important at any age.

Power of Attorney

A **power of attorney (POA)** is a document that authorizes a designated "agent" to make financial decisions on your behalf if you are unable to do so. A POA can be used if you are either physically or mentally incapable of handling certain affairs. This can be due to something simple like being out of the country, or something more complicated like an illness or injury.

The designated agent may have general or specific powers, depending on the type of POA. Agents are empowered to handle things like finances, business transactions, making gifts, hiring professionals to help with related activities, and so forth.

One of the most critical decisions with a POA is choosing the right person to be the agent. Since this person will be responsible for handling certain legal, business, and financial affairs, it's important to choose someone who is not only unquestioningly trustworthy, but also who is comfortable and has some familiarity in the areas they will be handling.

Health Care Directives

Also known in Connecticut as a living Will and an appointment of healthcare directive. A living will is an advance directive that documents your wishes about end-of-life treatment, in case you are unable to convey them yourself. This document only goes into effect in cases where the attending doctor certifies that the patient either has a terminal illness or is in a persistent vegetative state and unable to make decisions on his or her own.

The instructions included in a health care directive include wishes on if and how breathing tubes, dialysis, painkillers, food and fluids, and other treatments should be administered.

Connecticut also has a related form called a Medical Orders for Life Sustaining Treatment or MOLST document. As its name indicates, this complementary document focuses on choices about life-sustaining treatments.

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We Are Here...

Like so many others, since mid March our team has been acclimating to the new reality of working from home. The experience has been different for each of us, but we're happy to report that our phone and video meetings with client families have been extremely productive. We are grateful to have the ability to continue providing services to those in need.

Like you, we're all figuring things out one day at a time. Our at-home situations and coping mechanisms may be different, but we all have a few things in common (aside from long hair!). We're committed to each other and to the people we serve. **COVID-19 may have changed our lives in unexpected and even profound ways, but that doesn't change the heart of who we are and what we do.** Please reach out to us if you need some guidance.

"The real issue in life is not how many blessings we have, but what we do with our blessings."

– Mister Rogers



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It's Time. Plan Today for Your Tomorrow.

How to Stay Out of a Nursing Home (And Get the Care You Need at Home)

“Promise me you won’t ever put me in a nursing home.”

Our parents would make us sign in blood if they could.

Fear of losing their independence and way of life is a tremendous concern among Connecticut seniors. And, in today’s COVID-19 environment – staying at home is a preferable option for many.

But if you’re like so many Connecticut residents, you may not know that there is Medicaid coverage for receiving care at home – that Medicaid benefits are not just for nursing home residents. This is great news!

The Connecticut Home Care Program for Elders

The State of Connecticut recognizes the benefits of helping older adults stay home and relieving the strain on family caregivers. One option that allows seniors to stay at home is the Connecticut Home Care Program for Elders (CHCPE). There are two programs under the umbrella of CHCPE: (1) the state-funded program; and (2) the Medicaid waiver. The Medicaid waiver, funded by the federal and state governments that for over 30 years, has been helping seniors remain in the community and delay or avoid nursing home placement. The state-funded program is for those with fewer functional needs and/or more income and assets than the Medicaid requirements.

According to the Department of Social Services, to be eligible for CHCPE individuals must be:

- 65 years of age or older
- A Connecticut resident
- Functionally at risk of nursing home placement
- Financially eligible based on income and assets

Depending on an individual’s needs, the Connecticut Home Care Program for Elders offers a variety of services including:

- Homemaker/companion services
- Visiting nurse services
- Home health services
- Home delivered meals
- Adult day care
- Emergency response system
- Transportation
- Accompaniment to medical appointments

These services can begin once an application is approved and a representative from the state has visited the applicant in the applicant’s home, or in a rehab facility if the applicant is preparing to return home, in order to assess the amount of care needed.



Planning and paying for home care

But planning ahead is essential. Let’s look at one example to illustrate this point.

A widower we’ll call Bill had a stroke. He spends several days in the hospital and is discharged to a short-term rehab facility. After two months he has reached the point where he has made as much progress as he’s going to make. Bill wants to go home.

The facility recommends 24-hour care at home. Bill’s daughter hires caregivers through a home care agency and the meter starts running at the rate of

\$6,000-7,000/month. Within a year, Bill’s savings have been depleted by \$80,000.

At this rate, he will be broke in another 10 months. Then what?

One way to make the money last longer is to get Bill on the state-funded Connecticut Home Care Program for Elders. But first Bill must spend down to \$38,592 in assets so he can apply for the program.

For Bill, there is a 9% cost share toward his care plan, and

- The state pays the other 91%
- There is no limit on income, but if he made more than \$2,349 per month, he would possibly have to contribute more toward his care

Bill’s income is \$1,800 a month. The state-funded program does not have an income cap, only an asset limit. If you are over \$2,349 then you may be required to contribute to your cost of care...but it would sure help to reduce the monthly bill.

Once Bill has spent down to \$1,600 in assets, he is eligible to apply for the Medicaid waiver under the Connecticut Home Care Program for Elders. This program provides for significantly more hours of care than the state-funded home care program. There is an income gap of \$2,349 for the Medicaid waiver, but there would be a planning option to obtain eligibility even if Bill’s income exceeded the income gap.

Ways to protect your assets

Another thing to consider when planning for long-term care for your loved ones is how to protect assets, such as their home. Again, planning ahead can make all the difference.

An irrevocable trust is one asset protection tool that can protect the house to avoid the state trying to recover against the home after a loved one passes away. But in other instances, transferring assets may make your loved one ineligible for the program for a period of time. In either case, not having a plan – and the right help from a qualified elder law attorney – could lead to the state possibly seeking to recover the cost of your loved one’s care (while they were on the home care program) from the estate.

The Connecticut Home Care Program is designed to support the goal we all share: to keep our loved ones in the community and out of a nursing home for as long as possible. To consult with one of our elder law attorneys on what is right for your loved one, give us a call. ■

What to KEEP, What to TOSS

Whether you have digital or paper records or a combination, rid yourself of clutter by shredding or deleting all but the following key financial documents

KEEP

> FOR ONE YEAR

- **Paycheck stubs** until you get your W-2 in January to check its accuracy
- **Bank statements** to confirm your 1099s
- **Brokerage statements** until you get your annual summary (keep longer for tax purposes if they show a gain or loss)
- **Receipts for your health care bills** in case you qualify for a medical deduction
- **Utility bills** to track usage (seven years if you deduct a home office)

> FOR SEVEN YEARS

- **Supporting documents for your taxes**, including W-2s, 1099s, and receipts or canceled checks that substantiate deductions. The IRS usually has up to three years after you file to audit you but may look back up to six years if it suspects you substantially underreported income or committed fraud.

> INDEFINITELY

- **Tax returns** with proof of filing and payment
- **IRS forms** that you filed when making non-deductible contributions to a traditional IRA or a Roth conversion
- **Receipts for capital improvements** that you've made to your home until seven years after you sell the house
- **Retirement and brokerage account annual statements**
- **Receipts for big-ticket purchases** for as long as you own the item, to support warranty and insurance claims

TOSS

- **ATM receipts** once recorded
- **Bank deposit slips** once the funds show up in your account
- **Credit card receipts** after you get your statement, unless you might return the item or need proof of purchase for a warranty
- **Credit card statements** that do not have a tax-related expense on them



KEEP TABS ON YOUR CREDIT REPORTS



This is an especially crucial time to pay attention to your credit report. With credit reporting problems exacerbated by the pandemic, the 3 major reporting agencies – Experian, TransUnion and Equifax – are letting people check their reports on a weekly basis (at least until April 2021) at annualcreditreport.com. Review your reports for errors or signs of fraud, such as credit accounts that you don't recognize.

3 Documents for Peace of Mind

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Will or Trust

A Will is a fairly straightforward document that captures how your assets will be distributed after your death. If you have minor children, you can also use your Will to appoint a guardian. Wills can be changed at any time and for any reason.

A trust or living trust is similar to a Will in that it deals with how your property and assets will be managed after your death, but it also provides for lifetime instructions in case you are disabled or incapacitated by an accident or illness. In such cases, the person identified as the trustee can take over asset management.

The benefit of a trust over a Will is that it allows families to avoid having to go through probate court to settle the distribution of assets.

It's also an extra layer of security that allows you to plan for worst-case scenarios in which you are unable to make decisions for yourself. Trusts can also be set up to accommodate specific situations, such as arranging care for a family member with special needs.

Working on these kinds of documents might seem like a lot to take on while you're dealing with the challenges of a stay-at-home order, but getting everything in order can help you sleep better.

And if all your personal ducks are in a row, this might be an opportune time to have "the money talk" with other loved ones, like aging parents.

The good news is that most of us have a little extra time in our schedules these days. And if you or your loved ones haven't already put these critical documents in place, there really is no time like the present. ■

It's Time. Plan Today for Your Tomorrow. Call us at (860) 236-7673.



Wills, trusts, probate, Medicaid... there's so much to know!

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Then relax, grab your coffee (or your popcorn), and note paper, and enjoy!



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