

# Have Your Cake & Medicaid Too (We Can Keep That?!)

**Presented by:**

Norman E. "Gene" Richards, Esq.  
17436 College Parkway  
Livonia, Michigan 48152  
P: 734.261.2400  
E: nrichards@cnda-law.com

**"By failing to prepare, you are preparing to fail."  
— Benjamin Franklin**

# The Situation

- Married Couple - 78 / 75
- Wife falls off stepladder reaching into cabinets
  - suffers a closed-head injury
  - needs care in a NH
  - cost of NH is \$12,000 - \$15,000/month
- Husb lives at home but has severe arthritis
- Husb may need assisted living in the future
- Children are not in a position to provide care

# The Finances

- Home - \$400K (joint)
- Cottage - \$300K (joint)
- Bank accounts \$100K (joint)
- IRA - \$250K (his)
- Truck (his) & car (hers – leased)
- Personal effects

# The Medicaid Numbers

- || Wife can have: \$9,950
  - || The husband can have:
    - One-half (1/2) of all (his and hers) countable assets on the “snapshot” date
- BUT
- No more than \$162,660

# The Numbers – Without Planning

What Counts		What's Excluded
\$300K	Cottage	House \$400K
\$100K	Bank Accounts	1 motor vehicle (Car – leased)
\$250K	IRA	Personal effects
\$20K	Truck	
<b>\$670K = Total</b>		<b>Total: \$400K+</b>
		<b>Grand total: \$1,070,000</b>
\$9,950 = Wife can keep \$162,660 = Max husb can keep (not ½)		

**Without any planning** - must **spenddown \$497,390** to get Medicaid

Sell the Cottage?

Liquidate his IRA?

Get rid of truck or car?

# The Numbers – With Planning

What counts	What's Excluded – Hub's Name Alone
\$9,950 – bank account in Wife's name	\$400K House – Hub's name
\$90K – bank account in Hub's name	\$20K Truck / Car hub's name (sell one)
\$60K – Hub's IRA	\$300K Cottage (Specialized trust 4 hub)
	\$190K Annuity (former IRA)
Total for wife: \$9,960	
Total for hub: \$150K	Total for Hub: \$910K

Total for wife: \$9,950  
 Total for Hub: \$1,060,000  
 Cost of Plan: \$25,000  
**Grand total saved: \$1,044,950**

# The Strategy

- Remove wife's name from house and cottage
- Remove wife's name from bank accounts
- Set up bank account in wife's name alone
- Set up bank account in husband's name alone
- Set up specialized trust to hold the cottage (and extra cash)
- Convert his IRA to annuity (tax free)

# The Critical Document

- Financial durable power of attorney – With extraordinary long-term care planning powers
  - Power to make gifts
  - Power to remove other person from accounts
  - Power to transfer / sell real estate
  - Power to deal with retirement accounts
  - Power to set up specialized trusts
  - Power to establish annuities

# The Mistakes

- Doing nothing / waiting too long
- Planning for death, but not for life events
- No Medicaid planning powers
- Relying on “stale” documents
- Blending families without a written plan
- DIY (doing-it-yourself)
- Not working with an elder law attorney

# Wills, Trusts & Probate: Should You Care?



**Norman E. Richards ("Gene")**  
Estate Planning & Elder Law Attorney  
Cummings, McClorey, Davis & Acho, P.L.C.  
17436 College Parkway  
Livonia, MI 48152  
T: (734) 261-2400 E: [nrichards@cmda-law.com](mailto:nrichards@cmda-law.com)

“By failing to prepare, you are preparing to fail.”  
— Benjamin Franklin