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ELDER LAW MINUTE

Charlie is 84 years old and has just entered ABC Nursing Center, which costs \$6,022.50 per month (the national average). Charlie's monthly income is \$1,800 and he has \$125,000 of cash assets. Charlie is a widower and wants to protect some of his assets for his children and grandchildren. What can he do? How about making gifts and protecting 52.92 percent of what he transfers?

- Calculate Assets to be Either Spent or Transferred (Disposable Assets)
  \$125,000 - 10,000(burial contract) - 2,000(resource limit) = \$113,000

- Calculate Monthly Cash Flow Deficit
  \$1,800 - 6,022.50 - 165(AARP) = \$4,387.50

- Calculate Amount That Will be Protected
  Disposable Assets - (Month Deficit x $y \div 4{,}916.55$) = y
  \$113,000 - (4,387.50$y \div 4{,}916.55$) = y
  \$113,000 - 0.892394$y = y$
  \$113,000 = 1.892394y
  \$59,880 = y

<u>Proof</u>

Period of ineligibility is \$59,800 ÷ 4,916.55 = 12.17932 months
During 12.17932 months, kids give back (12.17932 x \$4,387.50) = \$53,436.77
Kids keep \$113,000 - 53,436.77 = \$59,563.24

Next week I will explain the mechanics of making the transfers, applying for Medicaid and making the transfers back to Charlie.