

BRUMBAUGH

ELDER LAW REPORT

*News and Helpful Information for Seniors
and Those Who Love Them*

A Bi-Monthly Newsletter from The Law Office of Michael Brumbaugh



MARCH/APRIL 2021

Volume 26

**REGISTER
TODAY!**

Estate Planning 101

MARCH 9

1 pm - virtual via Zoom

The essentials you need to know to protect your loved ones

The Dementia Action Plan

MARCH 17

1 pm - virtual via Zoom

7 Critical actions to take in case of dementia with Kevin Jameson, founder of Dementia Society of America

Probate

MARCH 23

1 pm - virtual via Zoom

What is it and why to avoid it

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Common financial mistakes people make when it comes to planning for care in a nursing home

Will your retirement plans be battered or even destroyed by nursing home costs? Will the inheritance you meant to leave your kids go to the nursing home instead? As the founder of an estate planning and elder law firm, I have had many conversations with families over the years. Here are some common mistakes people make when it comes to planning for long term stays in nursing homes.

MISTAKE #1. Believing that nursing home stays are paid for by their health insurance. If someone ends up living in a nursing home, even the best health insurance won't pay for that stay.

MISTAKE #2. Believing that Medicare will pay for a stay at a nursing home. Medicare might pay the nursing home bill while someone is receiving rehabilitation. However, in order for Medicare to pay, you have to qualify: You first must have a 3 day stay in a hospital (currently being waived due to the Covid pandemic). Observation days at the hospital do not count. It sure seems like they should, but they don't. If you qualify, then typically Medicare will pay the first 20 days of rehabilitation in a nursing home in full. From day 21 up to day 100, Medicare will pick up a large portion of the stay and hopefully, your Medicare supplement policy is in place to pick up the balance. After 100 days, Medicare stops paying. Oh, and even before day 100, Medicare may stop paying if you do not need skilled care. But at best, it will pay some portion up to 100 days.

MISTAKE #3. Believing that Medicaid will pay for a stay at a nursing home. Medicaid very well might at some point pay the nursing home. However, it is not automatic. You have to meet strict income and

(continued on next page)

Brumbaugh Elder Law Report is written to inform and entertain our clients, referral sources and friends. This is not legal advice. If you need help for your specific situation, you should call The Law Office of Michael Brumbaugh at 419.626.0684.

Common financial mistakes people make *(continued)*

asset tests to qualify. Additionally, Medicaid scours your finances for the 5 years prior to applying to see whether you violated any of its rules. It makes no difference whether you knew about the rules.

MISTAKE #4. Believing the government permits you to give away a certain amount each year as part of your "Medicaid spenddown". Currently, the IRS allows each of us to give away \$15,000 per year to however many people we want and as long as we don't exceed that number, we don't have to report the gift to the IRS. However, this is an IRS rule and has nothing to do with Medicaid. If you (or your spouse) give anything away or sell something for less than fair market value within the 5 years before you apply for Medicaid, then Medicaid will calculate a penalty period based on the amount of "improper transfers" and won't pay the nursing home for the length of the penalty period even if you otherwise qualify. Even if you are broke. Even if you didn't know it would cause a problem.

MISTAKE #5. Believing it is too late to legally shelter assets once someone is in the nursing home. It can be done but it is complicated. Think of the government's rules in this area like complicated tax rules. The rules permit it but they aren't easy to figure out on your own.

MISTAKE #6. Believing it is wise to put your house in the children's names to protect it from the nursing home. If you do this and you put your home in the name of your kid what happens if: Your kid passes before you? Gets in a bad car wreck and gets sued? Gets divorced? Your child (or his or her spouse) ends

up in the nursing home? Did you just end up losing your house? Also, if you need care at a nursing home before 5 years is up from the transfer, you are going to have a problem if you apply for Medicaid. You also better educate yourself about taxes. By gifting the house out of your name, you will likely have a big tax bill if you go to sell the house while you are alive and the kids will have a big tax bill when they sell the house when you are gone. Capital gains taxes start at 15% of your profit. If you give your house away, you are likely losing generous IRS exemptions that would allow your house sale to otherwise be free from paying those capital gains taxes.

MISTAKE #7. Having no idea what the costs are for care in the nursing home. In our area, the costs for one person in a shared room is \$6,000 to \$8,000 a month. I had someone recently tell me that such a cost is actually a pretty good deal and only works out to about 8 to 11 dollars an hour for 24/7 care at the nursing home. It all depends on how you look at it I suppose. 8 to 11 dollars for one hour isn't a big deal. \$72,000 to \$96,000 per year each year someone is at the nursing home is a different story.

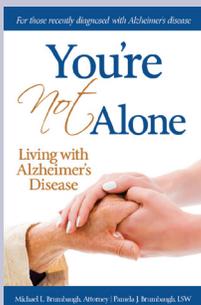
Thinking about and planning for a possible nursing home stay isn't a fun thing (well, unless you are an elder law attorney and like helping people who want to plan). However, it is pretty important. It could take the biggest bite out of your otherwise well planned retirement.

Call The Brumbaugh Law Firm at 419.626.0684 to learn how to avoid these common financial mistakes.

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Two New Books Show Those Recently Diagnosed with Alzheimer's Disease and Their Caregivers How to Cope & Live

In their two recently-released books *You're Not Alone: Living with Alzheimer's Disease* and *You're Not Alone: Living as an Alzheimer's Caregiver*, author and local attorney Michael Brumbaugh and his wife, author and



social worker, Pamela Brumbaugh, share current and must-have information to guide those recently diagnosed with Alzheimer's and their caregivers to cope, prepare and protect themselves. These short books are designed to be easy and quick to read and offer timely and practical advice on exactly what one needs to do.

"I have devoted my professional life to helping the elderly in our community and it pains me to see people in my community hit with the life-shattering news of an Alzheimer's disease diagnosis and not know what to do next. Nobody is prepared for this type of news and helping, and guiding patients is what I do each and every day," says Michael. "There is a lot of confusing information out there and we wanted to author a simple and easy-to-read guide that offers critical 'next step' information, which is why we wrote these two books," added Pamela.



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Call Our Office for a Consultation

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Senior Scams to Watch for in 2021

Scammers are getting more sophisticated in their attempts to steal your identity and slip their hand in your wallet. They also frequently target older adults. According to a Senate report, older adults lose \$2.9 billion each year to financial scams. The U.S. Department of Justice publishes a list that keeps seniors updated on trending scams. Here are the names of the scams and how they work.

SOCIAL SECURITY ADMINISTRATION IMPOSTER SCAMS: You pick up the phone with a Caller ID that says it's from the Social Security Administration. A "government" representative informs you that your Social Security card has been suspended because of suspicious activity or was used in a crime and needs to be reactivated. You're asked for your Social Security number to confirm the information, and may be told your account will be seized or frozen unless you act quickly.

TECH SUPPORT SCAM: You receive a phone call or see a pop-up message on your computer saying that a virus or malware has been detected on your computer. A person calling themselves "tech support" asks for remote access to your computer and diagnoses a nonexistent problem. You're asked to pay for an unnecessary service to your machine. Sometimes, after making a payment, they'll call you back. The same perpetrator is offering a refund. They ask for a bank account number to "reimburse" you, but steal your money instead.

LOTTERY SCAMS: You receive the news that you've won a sweepstakes or foreign lottery. The telemarketer poses as a lawyer or lottery representative, telling you all you need to do is pay for shipping, insurance, taxes, and the like before you can claim your prize. Victims pay up and are often revictimized until they have no money left.

IRS IMPOSTER SCAMS: These aggressive and sophisticated phone scammers claim to be with the IRS. They claim you owe money to the IRS and it must be paid immediately with a wire transfer or a gift card. If you refuse to cooperate, you may be threatened with arrest, suspension of your driver's license or deportation.

ROMANCE SCAMS: You're looking for romance on a dating or networking site, and you've met someone who seems to be a wonderful match. You feel yourself growing closer, but when you suggest meeting in person, your potential mate always has an excuse. At some point they make an urgent request for money to cover a health emergency, medical problem or other sudden need. It's never paid back, and they keep asking for more.



WHAT'S NEW

Meet the Sandusky High School student interns at The Brumbaugh Law Firm



Briea'Shay Straub

A Senior at Sandusky High School, she most enjoys her Government and English Classes with Reading and Writing her favorite subjects. Her career plan includes becoming a Lawyer and

she will be attending the University of Arizona majoring in Political Science initially. From there she intends to attend Law School. On a personal note, Briea'Shay enjoys watching Criminal Minds, walking, and reading. She is one of six children with two of them just a year apart from her. Briea'Shay was born in Sandusky.

Chaunta' Keahey Beckum

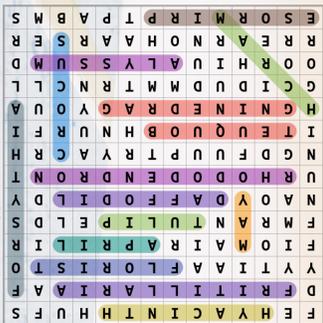
As a Senior at Sandusky High School, Chanta' plays Basketball for the Lady Streaks and also maintains a 3.6 - 4.0 Grade Average (all through High School). She was born in Toledo but as been a resident of Sandusky since Second Grade. Chanta' has four siblings. After High School she hopes to be a Flight Attendant and later in her life dreams of retuning to school to become a Lawyer.



Spring Flowers



- MARCH
- RHODODENDRON
- BOUQUET
- FRITILLARIA
- CROCUS
- FLORIST
- APRIL
- HYACINTH
- MAY
- PRIMROSE
- FORSYTHIA
- TULIP
- ALYSSUM
- GARDENING
- DAFFODIL



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Barb Miller, Norwalk, OH

"What wonderful people to have on your side! Pam and Mike Brumbaugh are the best. A friend told me about the Brumbaugh Law Firm, and the staff made me feel so comfortable when I came to their office to inquire about getting some work done on behalf of my mother-in-law, which as things turned out, they did very successfully. Everyone there went out of their way to make things pleasant: they were very helpful. I can't praise them enough!"



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