page 2
Increase in nursing home closures across U.S.
Finding someone's date of death

page 3
Land trusts provide anonymity, avoid probate
Plan to protect kids with special needs

page 4
Estate planning for taxpayers without kids

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Use caution when creating an IRA inheritance trust

When you hold an IRA, those funds can be distributed to the person you name as beneficiary or to an inheritance trust. Some IRA owners choose a trust because it gives them a degree of control over how the assets are distributed after they die.

Before you name a trust as the beneficiary of your IRA, however, consider the pros and cons.

Designating a trust as beneficiary can be useful if the intended beneficiary has financial issues and is not a good money manager. That could mean distributing assets according to a certain schedule or simply withholding access until the beneficiary is a certain age. The trust can also provide protection from creditors, if your heir is likely to owe money in a divorce or file bankruptcy.

A trust can also be used to provide for children from a previous marriage, as long as it meets certain requirements. It could, for example, allow someone to leave enough money to care for their spouse, with remaining funds going to their children after their spouse passes.

That said, designating a trust as the beneficiary of an IRA can be tricky. You'll need specialized guidance to avoid costly tax mistakes and other unintended consequences.

Generally, when someone inherits an IRA, they must withdraw a minimum amount each year. Heirs have the option of stretching payments out over their expected lifespan, which means funds can continue to grow with tax-free benefits.

When the beneficiary is a trust, the IRS will "look through" the trust and treat the heir(s) as if they were the named beneficiary. That way the trust can take advantage of the same minimum-distribution strategies.

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However, several factors can disqualify the trust from this look-through treatment. Trusts in which the oldest beneficiary cannot be clearly identified, or which name a nonperson beneficiary (such as a charity or estate) won't qualify for look-through treatment. If that happens, payments may be calculated according to the original owner's life expectancy, as if they were still alive. That could mean a far more rapid payout than desirable.

On the other hand, if you leave your IRA outright to your spouse, he

continued on page 2

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Increase in nursing home closures across U.S.

Choosing nursing home care can be a big, emotional decision. Long-term care is a sizable investment, and many people struggle with entrusting their loved one's care to someone else. Now some families are dealing with an additional hurdle, as nursing home closures are forcing some seniors to relocate, widening the distance families must travel to visit.

In what is described as an "epidemic," rural nursing homes across the U.S. are closing. With staff shortages and low Medicaid reimbursement rates, these long-term care facilities can no longer afford to stay in business.

Approximately 63 percent of nursing home patients have their care funded by Medicaid, according to the American Health Care Association. But with reimbursement rates often below the actual cost of care, these facilities can no longer manage operating costs. In some states, Medicaid programs underfund patients anywhere from $30 to $40 per day.

For nursing home residents, the stress of moving is considerable. These facilities may lack the resources to orchestrate a successful closing, meaning residents might not get help to find a suitable home, belongings may be lost in the move and transfer of vital medical records can be delayed.

The stress associated with moving is so real that the industry has a name for it: "transfer trauma." Common outcomes include depression, agitation, falls, weight loss and new deficits in self-care.

Even after making it through relocations, many elders find themselves long distances away from their families. That means fewer visits, greater isolation and increased risk for abuse.

If your loved one is subject to a nursing home closure, be sure you know their rights. The National Consumer Voice, a nonprofit offering ombudsman support for long-term care, provides information on its website (theconsumervoice.org). The site also has a Nursing Home Closures Kit that can help you understand if the closure is being conducted appropriately.

Keep in mind that nursing homes with a higher percentage of private-pay patients are at lower risk of closure. Paying for nursing home care is expensive, but long-term care insurance can help cover those costs. Seniors with the ability to self-pay will have more options for care, making them less susceptible to nursing home closure.

Consider purchasing insurance for yourself and your loved ones. If your parents will not be able to self-pay for their own long-term care, and you want to ensure they have options, long-term care insurance can be a way to protect your own time and resources, while simultaneously caring for your parents.

Keep tabs on nursing home trends in your area and talk with an estate planner to evaluate whether long-term care insurance would make sense for you or someone you care about.

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Finding someone's date of death

Imagine your grandfather left a portion of his estate to his sister, but Great Aunt Irma has been gone for years. In order to probate his will or other legal documents, you may need to find Irma's date of death.

If Aunt Irma passed away in the last 50 years, finding this information should be fairly routine. Look for a website that offers access to the Social Security Death Index (SSDI). This list contains more than 84 million individuals whose deaths were reported to the Social Security Administration.

But the SSDI has little information on people who died prior to 1962. One alternate tool to try is findagrave.com. This site includes burial information for millions of individuals, and some records even contain a photo of the grave marker.

Use caution when creating an IRA inheritance trust

continued from page 1

or she has the option to roll those funds into his or her own IRA and defer distributions until age 70 1/2. Then, when your surviving spouse dies, the IRA can be left to younger heirs, using their life expectancy to set distributions. With the rollover option, couples can extend the tax benefits of an IRA account for decades, even generations.

An IRA trust can be useful in the right circumstances. Consult an experienced estate planning professional for assistance in crafting your strategy and designing a trust.

Land trusts provide anonymity, avoid probate

A land trust is a private legal agreement that transfers a property title from the owner to a trustee. The trustee agrees to hold that title for the benefit of another party.

The creator of the trust, known as the trustor, is typically the primary beneficiary for their lifetime. This party retains complete use of the land and owns the beneficial interest thereof. Land trusts are generally revocable, meaning the trustor may modify or terminate the agreement while they are still alive.

Land trusts provide a measure of privacy. Once a land trust is completed, a public records search will no longer reveal that you are the property owner. If people don't know you own certain assets, it could deter them from pursuing litigation against you because you won't appear to have sufficient assets to make a suit worthwhile.

Land trusts are also a tool to avoid probate by allowing you to designate succession of ownership. You can name a contingent beneficiary who will receive the title when you die, without the cost and delay of court proceedings.

Land trusts can also facilitate multiple ownership, providing a structure for clear legal division. In some cases, they could improve lending access. Arguably, a land trust could allow you to circumvent a "due on sale" clause that would otherwise prevent you from selling property or transitioning it into an LLC without paying back financing in full, but interpretations differ on that issue.

Only six states have a land trust statute on the books (Florida, Hawaii, Illinois, Indiana, South Dakota and Virginia), but you can hold land in trust in most other states as long as the beneficiary, trustee or property is based in one of those states.

Land trusts have become less common. Today they are often replaced by living trusts and transfer on death deeds. They can be useful to real estate developers, however, and still have a place in some estate plans.

Work with your estate-planning attorney to decide if a land trust is right for you.

Plan to protect kids with special needs

Raising a child with special needs can be a rich experience. It's also a costly one that comes with unique challenges for your financial future and estate plans. There is no one-size-fits-all recommendation, but here are some things to consider:

Your future security: Protect your children by securing your own financial future. Start saving for retirement as early as possible to take advantage of compound interest.

Life insurance: Consider investing in enough life insurance to care for your child's future financial needs. Government benefits can cover basic costs, but extra funds can fund additional expenses, such as hiring an additional caregiver after you're gone. Talk to an advisor about beneficiary designations and consider a special needs trust. Consider disability insurance, too, to protect your family financially if you are living but no longer able to work.

Special needs trust: Assets held in a child's name are held against them and could disqualify them from government benefits. One way around that is to set up a special needs trust. The intent is that a special needs trust can supplement a disabled person's income in order to pay for extra wants and needs not covered by government benefits.

Educate your family: If you think your parents or another family member might leave a legacy to your child, make sure they understand the implications of a cash gift and the benefits of a special needs trust.

529 ABLE (529A): Like a 529 education plan, a 529A is a tax-advantaged way to save for your child's special needs education and certain disability expenses. Generally speaking, parents should consider maxing out their own retirement accounts before funding supplemental savings tools like these. Be aware that once the account exceeds $100,000, your child will no longer be eligible for Supplemental Security Income (SSI) payments.

Adult guardianship. If your child will be unable to make medical and financial decisions after they turn 18, talk to a lawyer about a power of attorney and health care proxy or becoming your adult child's legal guardian. Don't assume you'll automatically be able to make decisions for them just because they're disabled.

When you have children with special needs, financial planning takes special care. It can be an emotional, frustrating process. An estate-planning attorney can help you be proactive and create a plan so that both you and your children are cared for and protected.

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Estate planning for taxpayers without kids

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If you're single with no kids, or married without kids, you have some unique estate planning needs. You'll require special strategies for health care, emergencies and division of your estate.

Plan for extra care costs. Growing older without a built-in support team may mean you'll have extra expenses for care. You may need to hire people to check in with you, to run errands or to drive you to appointments. If you plan to rely on younger family members or friends, talk to them about what they're willing to do and revisit those conversations often.

Plan for an emergency. Plan to take care of yourself if you became incapacitated. Certain tools can make that easier for the people who are going to step up to help you.

Arrange power of attorney and health care proxies. These documents enable you to designate who will make financial and health care-related decisions for you if you are no longer able.

Consider funding a revocable trust. If you set up a revocable trust and fund it now, your trustee will be able to use those funds for your care if you become incapacitated. Without such a trust, someone close to you would have to petition the court to appoint a guardian or conservator. That's costly, time-consuming and stressful, and puts critical decisions for your well-being in the hands of a judge.

Make a will. For people without a will, state law generally dictates that assets go to a spouse or children. But distributing your assets is more complicated if you are single without kids or part of an unmarried cohabitating couple.

Think about your legacy and how you want your assets distributed. You may consider gifts to charity or lifetime gifts to certain family and friends, or the use of age-benchmarks that determine when young beneficiaries receive their gifts. A will ensures you get to decide how your assets are distributed, not a probate court judge.

Talk with your estate-planning attorney to help you review your finances and assess your plan.