The costs associated with all types of long-term care are rising at a painful rate. Even if you plan to age in place, you should have a plan for covering expenses such as the cost of in-home caregivers.

The government can provide some resources to help pay for these costs, but only if you meet the qualifications. Attorneys who work with estate plans frequently help clients develop plans to pay for long-term care, including strategies to establish eligibility for Medicaid and other benefit programs.

Medicaid Planning

You can only receive Medicaid benefits to pay for long-term care costs if you have very limited income and very few countable assets. Moreover, you cannot simply give all your property to your children to qualify for Medicaid. Officials will look at every transaction for the last five years, and if you gave away property or sold it below market value, that property is counted as if you still owned it.

That means it is best to plan in advance to establish Medicaid eligibility. With a thoughtful plan, you can qualify to receive benefits without first spending all your assets on care expenses. But it is essential to pay attention to all the rules.

A Qualified Income Trust

One strategy estate planners often use as part of a plan for long-term care is the establishment of a Qualified Income Trust. Property transferred into this trust is not counted for Medicaid eligibility purposes. It can be used to provide for some personal needs, unreimbursed medical expenses, and maintaining a spouse who lives in the community rather than in a care facility.

Strategies for Keeping Your Home

With the right plan, you don't have to sell your home to pay for long-term care. Different options could include executing a "Lady Bird" deed reserving a life estate in the property or adding certain family members to the deed.

In some cases, a home may not count as an asset for Medicaid eligibility rules. But it is important to check the requirements before assuming you can keep the home without consequences.

Long-Term Care Insurance

Long-term care insurance has traditionally been hard to rely on as means of covering all costs of long-term care. Benefits often do not pay enough to meet the policyholder's needs.

However, with the federal-state Long Term Care Partnership Program, the state may step in and effectively "pay" for expenses not covered by the insurance policy through expanded Medicaid eligibility. Your attorney could help you determine whether this makes long-term care insurance a good tool to include in your estate plan to cover long-term care.

Planning Ahead Gives You the Most Options for Long-Term Care

Although attorneys can assist clients in crisis situations, those who start planning to meet care costs before the need arises put themselves in the best position for success.

To talk to the experienced team at The Nordhaus Firm about how we could help you develop the right plan to provide for your future needs, schedule a confidential consultation today.