



# A Nursing Home Crisis Plan

How do you keep life savings from being depleted by nursing home costs?

## Quick Summary

Mary recently had a stroke and will have to be placed in a nursing home facility. She doesn't want nursing home care to drain all of her savings.

Edwards Group worked to maximize Medicaid benefits as quickly as possible, created a trust to preserve assets, pre-paid funeral costs and preserved more than 50% of Mary's assets.

**Total Savings to Mary and her family: more than \$100,000.**

## WHO

Mary Sample, age 86, has been staying at home alone, with help from her daughter. But last week she had a stroke and now will be unable to come back home. She will need to be placed in a nursing home facility.

## THE PROBLEM

Nursing home costs will be about \$5,000 per month. Mary's only income is a small social security check and nominal interest she earns on CD's.

## CONSEQUENCES OF THE PROBLEM

Mary lived her life frugally, saved and wanted to leave something to her kids one day. She has a house that is paid off, worth \$100,000, and also another \$75,000 in CD's at the bank. It is expected that all of her assets will be gone in several years unless something can be done.

## HOW WE HELPED

We helped the family understand that there were still planning options available. We began to look at options to maximize Medicaid benefits as quickly as we could. Laura, our Senior Asset Coordinator, helped sort through all of Mary's financial records, and as a result we discovered some stocks and a life insurance policy that the family did not know were there before. Finally it was determined that Mary's total wealth was \$195,000. We told the family with proper planning we may be able to protect 50% of her wealth, all with *legal and permitted strategies* under the Medicaid rules.

## RESULTS

We helped cash in the stock and the life insurance policy. The house was sold to one of the children. Funds of \$100,000 were gifted to a trust to be held for the family later. The remaining funds were used to pre-pay a funeral and purchase a Medicaid compliant annuity. We then completed the Medicaid application, which requires documenting all financial transactions within the last 5 years (gifts, purchases, investments, assets sold or cashed in and assets transferred).

*The result was that Mary was approved by Medicaid.* There was an expected delay in benefits because of the gifts we had made. But the family had the cash flow to provide for her care during that delay. **In the end, we protected more than 50% of her assets. We protected \$100,000 out of the \$195,000 of Mary's wealth.**