

SMART AGING *Update*

NEWS AND IMPORTANT INFORMATION FOR SENIORS AND THEIR FAMILIES



What is a Pour-Over Will and How is It Used?

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A pour-over will is a type of last will and testament typically used in trust-based estate planning. Unlike a traditional will, which directs how your property will be distributed to beneficiaries, a pour-over will states that assets not funded into your revocable living trust should go into the trust when you pass away.

Why is this distinction important? Let's say the grantor, the person for whom the revocable living trust was created, failed to fund all of his or her property into the trust. If there was neither a pour-over will nor a traditional will, the "omitted" property could go to people the grantor never intended to receive it, even though there was a revocable living trust.

Let's look at a hypothetical example. A grantor creates a revocable living trust and funds it.

A few years after creating and funding the trust, however, the grantor buys additional property, such as a second home. Unfortunately, the grantor forgets to fund this new home into the trust. If the grantor then passed away without a traditional will specifying who should receive the home, or a pour-over will directing that all assets should go into the trust, the second home could be distributed according to the laws of intestacy. In such a situation, the second home might go to an individual the grantor never wanted to have it.

In essence, a pour-over will functions like a safety net. You may never need your pour-over will, but it can help ensure that even if you neglect to fund certain assets into your trust, they will still go into the trust after you pass away.



Kimberly T. Lee
Attorney at Law



Dennis Lee
Attorney at Law



Mary P. Kelly
Attorney at Law



Nicole L. Ebarb
Attorney at Law



Kathryn Kaufman
Attorney at Law



DESERT LAW GROUP

74-916 Highway 111, Indian Wells, CA 92210

Finding the Right Nursing Home: Don't Rely Entirely on the Five-Star Quality Rating System



The Five-Star Quality Rating System was created in 2008 by the Centers for Medicare and Medicaid Services (CMS). It has become a popular tool for families to find a quick summary of a given nursing home's overall level of quality. CMS posts its ratings on the medicare.gov website.

Unfortunately, the accuracy of this rating system is open to question. An investigation by the New York Times, in particular, reveals a number of shortcomings. Let's begin by looking at how the system operates.

Ratings are based on a combination of self-reported data from 15,000-plus nursing homes, as well as on-site examinations conducted by state health inspectors. A nursing home's overall score, its star rating, depends on the results of the inspection, the amount of time nurses devote to residents, and the quality of care received by residents.

To evaluate the rating system's reliability, the New York Times created a database with millions of payroll records to analyze the amount of hands-on care residents actually received in nursing homes. The Times also examined 373,000 reports by state inspectors, and the financial statements 10,000-plus nursing homes submitted to the government.

Additionally, The Times was able to access data that is not readily available to the public.

This investigation revealed that nursing homes had submitted inaccurate information, thereby making themselves look safer and cleaner than they actually were. Other erroneous information included exaggerated levels of staffing, underreporting the use of potentially hazardous antipsychotic drugs, and minimizing the number of health problems and accidents among residents. Worse, when even highly rated nursing homes were inspected by CMS investigators in person, they were just as likely to fail the inspection as pass it; information submitted by nursing home operators and owners was rarely audited; nursing homes may have been tipped off before unscheduled, impromptu inspections; and inspectors frequently minimized violations they discovered at highly rated nursing homes, which allowed these facilities to maintain their stars.

All of this is troubling, to say the least. It suggests that a nursing home's five-star rating should be taken with a grain of salt, or perhaps even a shakerful. It also reminds us of the importance of closely scrutinizing every aspect of a given nursing home oneself. AARP provides a detailed checklist to help you evaluate a nursing home on a wide range of crucial criteria.

YOU CAN DOWNLOAD THE CHECKLIST HERE:

https://assets.aarp.org/external_sites/caregiving/checklists/checklist_nursingHomes.html



The New Year is a Great Time to Review Your Estate Plan

We would like to add one more item to your list of New Year's resolutions—reviewing your estate plan.



Why is it so important to keep your plan up to date? In a word, change. As you grow older, your needs inevitably change. So, too, does your health, your income, the value of your assets, and your overall financial situation. The needs of the people you love change as well. Your children may get divorced and remarry, or begin families of their own. Sadly, a loved one might suffer a financial setback and accrue significant debt, or fall under the influence of a person you don't trust, or even develop a dependency on alcohol or drugs.



In addition, the law itself is in a constant state of change, as are the financial landscape, the tax codes, and more. New or amended laws may make certain asset protection strategies and tools less effective, while at the same time creating new opportunities for wealth preservation and growth.

While it is important to review your plan every year, if you or your loved ones experienced significant changes over the course of last year, it is crucial to have your plan reviewed as soon as possible.

As you reflect upon the changes that took place last year, and look forward to the new year, we hope you also consider the implications of these changes for your estate plan. As always, we are here to assist you.



A PERSONAL NOTE FROM KIMBERLY

Dear Clients and Friends:

I hope this newsletter finds you safe and healthy. As we slowly return to the “new normal,” I hope you will find the information contained in this newsletter helpful. During the time of uncertainty, it is even more important to make sure your estate plan is up to date. If you have not yet had your estate plan reviewed in the last three years, please give us a call to schedule a review meeting. We’re here to assist you.

I look forward to hearing from you.

