

LAWYER FOR *Life*

KEEPING YOUR FAMILY HEALTHY, WEALTHY & WISE

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Blended Families, Big Decisions

Modern families come in all shapes and sizes - second marriages, stepchildren, unmarried life partners, and chosen families. But with more love comes more complexity, especially when it comes to estate planning. Without a solid plan in place, blended families can face unintended disinheritance, disputes, and financial hardships.

If your family doesn't fit the traditional mold, you need an estate plan that reflects your unique dynamics and protects everyone you care about. Without careful planning, estate distribution can get messed up in ways you never intended.

One risk is unintended disinheritance. If you leave everything to your spouse, thinking they will do the "right thing" and provide for your children from a previous relationship - well, think again. Once they inherit, they can legally leave assets to whomever they choose, including their own children, new spouses, or anyone else.

Another potential mishap is a conflict between children and a surviving spouse. If your children and your new spouse both expect to inherit, tensions can run high. Lack of clarity in your estate plan often leads to disputes, and disputes often mean court.

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Blended Families, Big Decisions



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Along the same lines, if minor children inherit assets, an ex-spouse could end up managing those funds, even if that's the last thing you want.

Additionally, you may want to provide for your biological children, stepchildren, and spouse differently. Without clear instructions, your estate could be divided in ways that don't align with your wishes.

A final concern of note: beneficiary designations. Life insurance policies, retirement accounts, and other beneficiary-designated assets pass outside of a will or trust. If you haven't updated your beneficiary designations since a divorce or remarriage, your assets may end up with unintended beneficiaries.

So how do we plan for a blended family? It requires a little extra care, to ensure your wishes are honored and your loved ones are protected:

- Consider using a trust instead of a will. A well-structured trust, for example, can allow your spouse to receive income or a specified amount of your assets while ensuring that what remains goes to your children. This protects both parties and helps remove the risk of disinheritance.
- Get specific about who gets what. This includes stepchildren, biological children, and even non-family members who you want to include in your estate.

- Update beneficiary designations to make sure your retirement plans, life insurance, and other payable-on-death accounts align with your current estate plan.
- Name a Trustee or Executor who is going to be fair, and potentially doesn't have a large stake in your estate. Naming stepchildren, or even your surviving spouse as the person in charge of your plan can create conflicts. A more neutral party can help ensure fair distribution and your wishes are followed.
- Plan for long-term care and Medicaid. If one spouse needs long-term care, assets can be depleted quickly, leaving little for the surviving spouse or children. Proper Medicaid planning, using an asset protection trust, can help.

Most of all, it is important to remember to have these honest conversations. Blended family estate planning is as much about communication as it is about legal documents. Setting clear expectations with your spouse and children can prevent future disputes.

No two families are the same, which means estate planning shouldn't be one-size-fits-all. A well-crafted plan can provide financial security, prevent conflicts, and ensure that your wishes are carried out.

Estate Planning Meets Medicaid: A Strategy for Long-Term Care

For many families, planning for the future means more than just wills and trusts—it also involves preparing for the rising costs of long-term care. Medicaid, the government program designed to assist with healthcare costs for those with limited financial resources, plays a critical role in covering long-term care expenses. However, many individuals are surprised to learn that qualifying for Medicaid often requires careful estate planning. With Medicaid making headlines lately, let's explore how Medicaid and estate planning work in connection with each other.

Long-term care, whether in a nursing home or through in-home services, can quickly deplete a family's savings. With the average cost of nursing home care exceeding six figures annually, few can afford to pay indefinitely without jeopardizing their financial legacy. While Medicare offers some healthcare benefits, it does not cover extended nursing home stays, leaving Medicaid as the primary option for those who need long-term care but lack the resources to pay privately.

The challenge is that Medicaid eligibility rules impose strict limits on income and assets. Without proper planning, individuals may find themselves forced to spend down their savings to qualify. This is where estate planning becomes crucial. Strategies such as irrevocable trusts, asset protection planning, and strategic gifting can help preserve assets while ensuring eligibility for Medicaid when the time comes.

Additionally, married couples face unique planning opportunities to protect the healthy spouse from financial hardship while securing care for the other. Married couples benefit from certain exemptions and exceptions, but that's only while both spouses are alive. Even the best laid plans can go awry with an unfortunate health decline in both spouses at the same time, or when one spouse has already passed away and the other needs skilled nursing care.

Waiting until a health crisis strikes can limit planning options significantly. Proactive estate planning—ideally **years** before long-term care is needed—can provide greater flexibility and asset protection. A well-structured plan not only ensures access to care but also helps preserve a family's financial legacy for future generations. The sooner you start planning, the more options you have.

Estate planning is about more than distributing assets after death—it's about protecting what you've built during your lifetime and ensuring that resources are available when needed most. Integrating Medicaid planning into your broader estate planning strategy allows you to safeguard your wealth while securing care in the future.

As the landscape of healthcare and public benefits continues to evolve, consulting with an estate planning professional who understands Medicaid's role in long-term care is essential. By taking a proactive approach, you can ensure that both your financial security and your family's well-being remain intact.



A PERSONAL NOTE FROM KIMBERLY

Dear Clients and Friends,

Thank you for reading our newsletter! We hope you find the insights helpful in enriching your knowledge in the area of estate planning.

Life changes, and your plan should keep up with it too. If it's been a while since your last review, now is a great time to ensure it still aligns with your wishes.

Schedule an appointment today to update your planning and secure peace of mind.

