

PLANNING PERSPECTIVE

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Fitzgerald Law Office

2006 has been a satisfying year for Fitzgerald Law Office and we appreciate the opportunity to have worked with you. Best wishes to our friends, associates, and customers for a wonderful holiday season and a prosperous and healthy New Year!

New E-mail Address

Our e-mail address has changed! If you want to communicate with us by e-mail you should make note of the new address:

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Planning Ahead vs. Running Away

In our office, many conversations begin with a client saying, “I would like to avoid...” Sometimes clients want to avoid probate after they die. Other times the clients want to avoid nursing home expenses. These are certainly legitimate concerns and serious issues. Unfortunately, planning to avoid a specific danger has its drawbacks.

Think of a driver traveling down the road who is focused on avoiding potholes. The driver may be able to avoid this hazard. However, we do not know whether the driver accomplished any other important goals, such as finding his way to his destination or arriving there on time. In the same way, building your plans to avoid one particular danger may not put you into position to accomplish your most important goals.

Questions about “avoiding” problems are healthy, because it means that a client is looking ahead and thinking about setting goals for the future. However, it is only a beginning. If you only focus on one particular danger, developing a plan can turn into a negative, grim, and unsatisfying process. It can also cause missed opportunities.

The trick is to focus on positive goals and make those good outcomes the centerpiece

for planning.

“Avoiding nursing home costs” is really part of a plan for providing for quality care later in life. A complete plan for long-term care will include arrangements for high quality care that maintain independence, health, and well being without placing a burden on family and loved ones. It will involve a plan for in-home care, assisted living care, and other options that generally come up before any nursing home placement.

“Avoiding probate” is really part of a plan for giving the next generation an excellent way to administer an estate and resolve issues that will arise after death. This kind of plan will include contingencies for paying bills and funeral expenses, handling special assets, putting the correct person in charge, and giving the executor the tools he or she will need to manage the financial, legal, and family issues that may come up.

Keeping the bigger issue in mind helps you ask better questions and provides a chance to resolve more issues. The specific danger that needs attention generally gets resolved along the way as well. In the end, you also feel better. It is far more gratifying to say “I have a plan for my future” than “I avoided a pothole.”

Medicaid And Nursing Home Care – And Now What?

The Spring 2006 Newsletter was devoted entirely to the changes in the federal Medicaid law. The Wisconsin legislature has not yet enacted those changes. Thus, Wisconsin law is still unsettled. Some clients have benefited from this situation, but most are frustrated by how difficult it is to plan for the future in this environment.

People thinking about “protecting assets” and planning for possible nursing home or long-term care costs should be asking themselves three important questions:

- What kind of long-term care (home care, assisted living, or nursing home care) am I likely to need in the next five years? If it is not likely that I will need any long-term care in this time period, then when will I need this type of health care?
- Do I have enough money, income, long-term care insurance, or other assets to pay the potential costs of care?
- Are there any assets that I do not need to meet my current or expected future

bills and daily expenses?

The first question addresses what kind of challenges you face. The second and third questions focus on the financial realities of your particular situation. This exercise gives you the raw materials of a plan for your future. The results will either make you feel more confident about your situation or allow us to identify your key goals. We can then work on those goals and point you to the kind of tools and planning strategies that will best meet your needs.

When A “Helping Hand” Makes More Work

The world is full of advisors and tools for transferring assets at death. Unfortunately, with so much help available, it is possible to solve the same problem two or three times over. In many cases, that can make matters worse.

Some great examples of “extra” planning:

A widower or widow often files a Form HT-110 to remove their deceased spouse’s name from their house. This is quick and easy, but if the couple has a Revocable Trust, the spouse may actually need to file an extra document to make their Revocable Trust work properly.

A widower or widow places P.O.D. designations on their assets at the bank after their spouse’s death. Again, this is very quick and easy. However, it can short-circuit their estate plan and leave them with a less organized, more complicated arrangement than when they started.

Assets are reinvested into annuities that will both “avoid probate” and promise a better investment return. Just like the P.O.D. designation, the annuity bypasses any plan set up in a Will or Revocable Trust.

The key to avoiding these types of overlaps is to have a clear idea who your advisors are. When you get advice, “help,” or recommendations from other people, take the necessary time to discuss the new

recommendations with your advisors. There is always great value in keeping all of your key advisors up-to-date, as those advisors can then give the kind of good advice that you enjoy receiving from them.

Programs and Events

In October, Doug attended the Notre Dame Tax and Estate Planning Institute in South Bend, Indiana for two days of instruction by the nation’s leading tax and elder law specialists.

Doug conducted seminars related to planning for the new Medicaid law in Germantown (in association with US Bank) and the Kettle Moraine YMCA in West Bend (in association with The Ziegler Company). In addition, Doug conducted a number of private Medicaid workshops for financial advisors and professionals.

Doug participated in a public forum on positive planning for seniors sponsored by the Washington County “I-Team” and the Washington County Department of Social Services. He also made a presentation on advance directives and medical ethics to Mrs. Thiede-Wray’s classes at West Bend East High School.

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