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Your (Their) Affairs in Order

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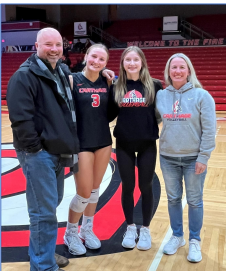
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Coffee Clutch Comments often made about Estate Planning & Medicaid...

- Just transfer all of your assets to your family or a Trust
- If you go into a facility - The State will take your money/house
- You need to give your house to your kids, or the state will take that too
- My sister in Illinois had this happen, it's the same here in Wisconsin
- Everything goes into Probate, you don't have a choice



Why Estate Planning?

Understand the magnitude of the task at hand...

- ✓ Death Certificates
- ✓ Funeral Arrangements
- ✓ Home
- ✓ Personal Belongings
- ✓ Bank Assets
- ✓ Retirement Assets
- ✓ Life Insurances
- ✓ Recurring Bills/Expenses
- ✓ Property Taxes
- ✓ Digital/Online Estate
- ✓ Final Tax Return
- ✓ Rules for Retirement Assets
- ✓ Social Security
- ✓ Pension Payments
- ✓ Auto Registration
- ✓ Veterans Affairs
- ✓ Number of Financial Advisors
- ✓ Location of your records

What is PROBATE?

- The process completed in the State of WI for a final decedent's estate/assets.
- Easiest to assume that everything in the estate will pass through probate, unless...
 - < \$50,000 in value
 - Has a beneficiary assignment
 - Is owned by a trust prior to passing

The Cost of Probate

DATA SNAPSHOT ▶ The true cost of a Will: Average attorney fees in Informal Probate cases in La Crosse County and Vernon County
Attorney Kevin M. Connelly 12/10/2023

	Attorney Fees			
	Mean	Median	Minimum	Maximum
La Crosse County*	\$5036	\$4536	\$499	\$26,264
Vernon County	\$4067	\$3354	\$430	\$15,040

**When you talk to people about this data clarify that the probate estate data in my study obviously does not include non-probate assets

Estate Planning Tools

- Powers of Attorney
- Will
- Trusts
- Beneficiary/TOD/POD

What is NOT in a Will?

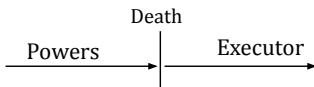
- Financial Power of Attorney
- Health Care Power of Attorney
- Advance Directives for Health Care
- Beneficiary Assignments!

What IS in a Will?

- Named Executor/Personal Representative who will handle the closing of one's estate
- Wishes for destination of belongings

Who's In Charge?

- Still living = Powers of Attorney
- After passing = Executor/Personal Rep



Choosing your People

- Who will do the job? (It's not about being fair)
- Use a Depth Chart vs "Team Approach"
- Get commitment before signing (ask them)
- Be sure each person knows what is not their role

Beneficiaries!

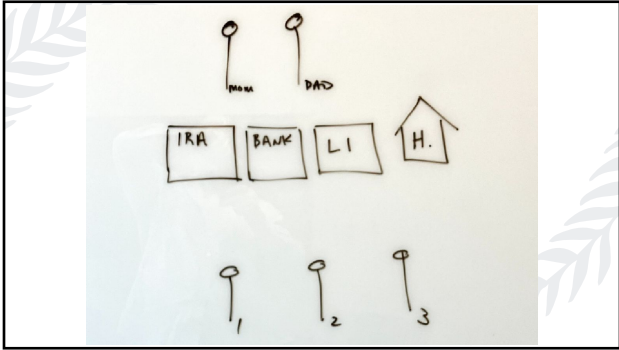
- *When Assets change hands...*
 - *Taxable Asset? (ask the advisor)*
 - *Pass Asset Before or After Death?*
 - *Cost Basis, Step Up in Basis, "Don't Waste a Death"*
- **IRA/401k**
 - *The Secure Act & 10-yr distribution rule*
- **Minors – Not a great choice**
 - *Limited access to funds then a Lump Sum at age 18*

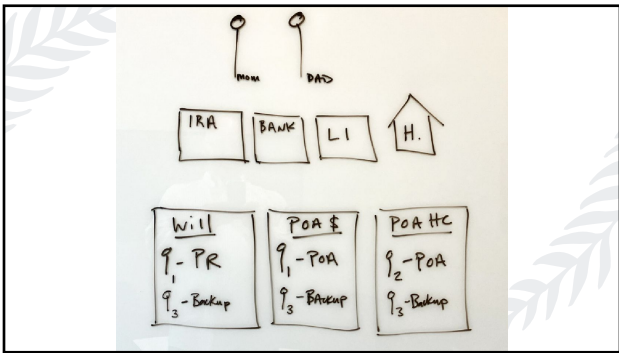
Beneficiaries!

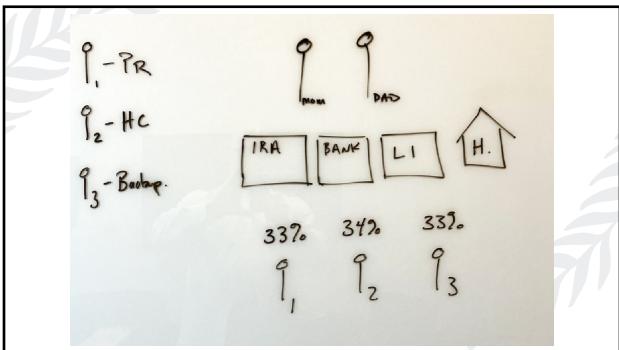
- **Life Insurance**
 - *Tax Free Benefit - Often greater than \$50k*
 - *Be certain deceased people are not on the list*
- **Bank Accounts (POD)**
 - *Often not complete, nor understood*
- **Non Retirement/Real Property**
 - *Transfer on Death Designation (Deed)*
 - *Joint ownership – Type of Joint?*
 - *What if both owners pass simultaneously?*

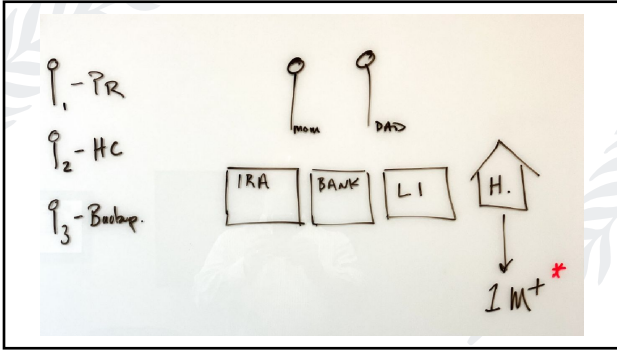
Important Points...

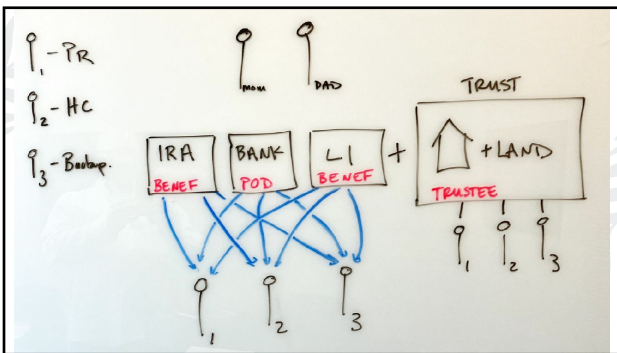
- **Inaction = Probate = Attorney Expense**
- **Choose your People without emotion**
- **Be sure your People know their roles**
- **Taxation of assets is important – use professionals**
- **Not deciding is deciding**
- **Start with today, plan for tomorrow & execute as you go**











What is Medicaid?

Medicaid currently provides health coverage to millions of Americans, including eligible low-income adults, children, pregnant women, elderly adults and people with disabilities.

Medicaid is administered by states, according to federal requirements. The program is funded jointly by states and the federal government.

To be eligible for WI Medicaid:

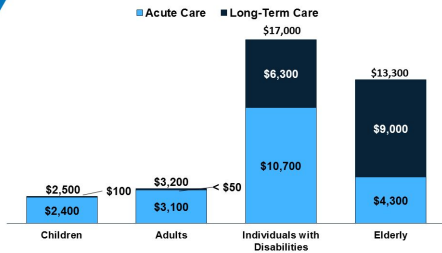
- A person must meet both non-financial and financial requirements (Income & Countable Assets)
- A person must fit into a general eligibility group and meet specific requirements relating to residency, citizenship, immigration status, third party liability, income and assets.

In General...

- People age 65 or older
- People who are blind
- People with a certified disability



Medicaid per enrollee spending is significantly greater for the elderly and individuals with disabilities compared to children and adults.



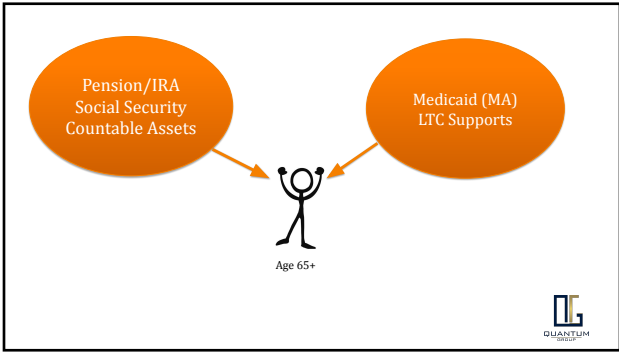
NOTE: Rounded to nearest \$100. Spending may not sum to totals due to rounding.
SOURCE: Kaiser Family Foundation and Urban Institute estimates based on data from FY 2013 MSB and CMS-64 reports. Due to lack of data, does not include CO, HI, VT, or RI.



Questions when addressing LTC...

- When will you need it - Now or in the Future?
- What kind of care do you expect?
 - In Home, Nursing Home, Skilled Nursing
- Family - Married?, Heirs?, Children in the home?
- What are your current assets?
 - Income
 - Retirement Accounts - IRA, Roth, 401k
 - Non-Retirement money
 - Real Property
- Do you have any LTC Tools/Insurance?







Countable Assets
 Examples of countable assets may include, but are not limited to:

- Cash
- Checking accounts
- Life insurance policies
- Savings accounts
- Certificates of deposit
- Real estate
- Investments
- Stocks and bonds

Your countable assets are used to determine whether you meet the asset limit.



Assets Not Counted
 Medicaid does not count the following assets:

- Your home (as long as the community spouse or other dependent relative lives there).
- One vehicle.
- Some burial assets (including insurance, some amounts in irrevocable burial trusts, and plots).
- Household items.
- Clothing and other personal items.

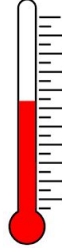
Medicaid Costs

- “Income” is expected to contribute to the cost of care
- The cost often exceeds income
- These costs are negotiated at the government level and are often less expensive than private care
- The excess costs pertaining to certain LTC & Chronic Disease Programs are paid by the state, tracked and accumulated on an individual’s record
- It’s important to understand that Medicaid LTC supports don’t usually give options for location of care. “Open Beds” will dictate location.

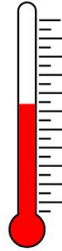
Medicaid Estate Recovery Program

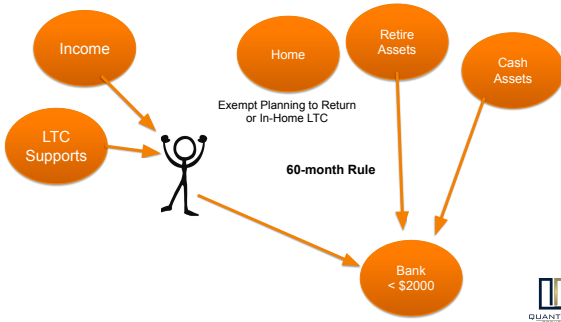
- There is a bill for care – the state will look to recover that bill, but only that bill.
- Usually the bill exceeds assets, but it's important to understand the nuances of recovery
- The State will not immediately look to recover from an estate if...
 - There's a surviving spouse
 - Surviving minor child under 21
 - Surviving disabled child of any age
- But the State will look to recover at some point...

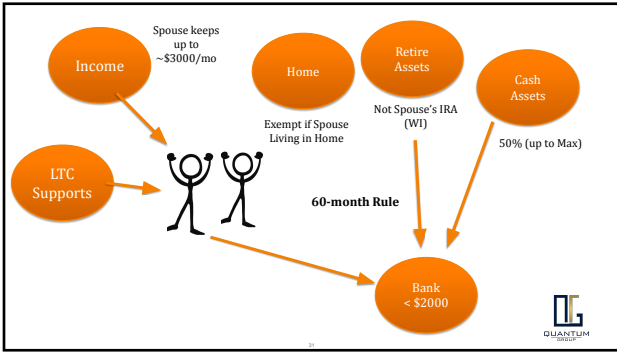


Medicaid Estate Recovery Program, Cont'd

- If Countable Real Estate exists, LIENS can be filed on those properties.
- Personal Property cannot be recovered by the State
- If a Long Term Care Partnership Insurance policy is in place and assisting with the cost of care. Generally, the amount paid by the policy is not recoverable
- Long Term Planning is far better than Crisis Planning. (What would happen if you needed care today?)
- It's important to consult with an Eldercare Attorney to best plan for Asset Movement, especially in crisis/short term planning







18.4.3 Calculate the Community Spouse Asset Share
 The community spouse asset share is the amount of countable assets greater than \$2,000 that the community spouse, the institutionalized person, or both, can possess at the time the institutionalized person applies for Medicaid.

Spousal Impoverishment Assets (Total Amount) Effective January 1, 2025		
If the married couple's total countable assets are:	Then the CSAS is:	Total Wisconsin Medicaid asset limit (CSAS + \$2,000):
\$315,840 or more	\$157,920	\$159,920
Less than \$315,840 but greater than \$100,000	Half of the total countable assets of the couple	Half of the couple's total countable assets + \$2,000
\$100,000 or less	\$50,000	\$52,000

The Quantum logo is in the bottom right corner.

18.4.6.1 Asset Transfer Period
 The institutionalized spouse must transfer the assets to the community spouse by the next review (12 months). If their assets are above \$2,000 on the date of the next scheduled review, they will be determined ineligible. They will remain ineligible until their assets no longer exceed the \$2,000 Medicaid asset limit.

- Robert was first institutionalized September 2013.
- Lucinda, Robert's wife, remained in the community. The couple passed the joint asset test and Robert was determined eligible in September 2013. The couple's total combined assets were \$42,000. \$32,000 of which were owned solely by Robert. Robert had until the next scheduled review (August 2014) to get his total assets under the \$2,000 Medicaid asset limit.
- By August 2014, Robert had only transferred \$23,000 to Lucinda. Robert still had \$9,000 in assets. Robert became ineligible September 2014 and will remain ineligible as long as his assets are over \$2,000.

These examples are hypothetical illustrative purposes only.

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Violating the the 60-month rule... Events occurring 60 months prior to application



Case Study:

Application for Medicaid in Jan 2022. Lookback shows a gift to a family member of \$50,000 in Jan 2018

#1 - We are "In the 60-month window"

#2 - A penalty period will be assessed before Medicaid benefits will begin

#3 - Penalty equal to "divestment amount" divided by average daily cost of care

- \$50,000 divided by \$300/day = Penalty period is 166 days

- 166 Days that Person/family will have to provide private care before Medicaid LTC will begin



Potential Solutions

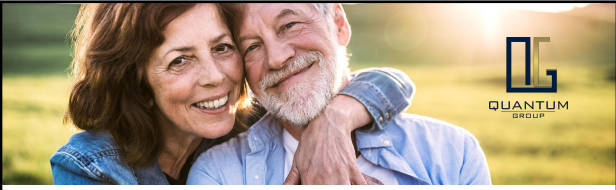
- Financial Planning, CPA, Legal – Spend \$ on Good Advice
 - Where is your risk as of today?
 - Retirement Assets vs Non – Retirement
 - Can you create a LTC Bucket?
- Traditional LTC Insurance
 - Use or Lose Insurance option (similar to Health Ins)
 - Monthly premium based on age/health & can increase
 - Can be part of Wisconsin LTC Partnership Program
- Lump Sum Insurance Option
 - Repurposing an Asset to help pay for care
 - Annuity or Permanent LI
 - Used for LTC or will go to Heirs upon passing



Word to the Wise...

- Act
 - Talk to professionals who care to help
 - If you don't understand, ask questions until you do
 - LTC is expensive, don't hope that it works out
- Define your Assets.
 - If you have time...Adapt your plan
 - Convert to Non-taxable Assets – use CPA, FP
 - Establish a habit of gifting to family – use CPA, FP
- Unless your neighbor is an elder care attorney, they aren't a good source of information.





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