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## ELDER LAW MINUTE

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Charlie is 84 years old and has just entered ABC Nursing Center, which costs \$6,022.50 per month (the national average). Charlie's monthly income is \$1,800 and he has \$125,000 of cash assets. Charlie is a widower and wants to protect some of his assets for his children and grandchildren. What can he do? How about making gifts and protecting 52.92 percent of what he transfers?

- Calculate Assets to be Either Spent or Transferred (Disposable Assets)  
 $\$125,000 - 10,000(\text{burial contract}) - 2,000(\text{resource limit}) = \$113,000$

- Calculate Monthly Cash Flow Deficit  
 $\$1,800 - 6,022.50 - 165(\text{AARP}) = \$4,387.50$

- Calculate Amount That Will be Protected  
Disposable Assets - (Month Deficit x y ÷ 4,916.55) = y  
 $\$113,000 - (4,387.50y \div 4,916.55) = y$   
 $\$113,000 - 0.892394y = y$   
 $\$113,000 = 1.892394y$   
 $\$59,880 = y$

### Proof

Period of ineligibility is  $\$59,800 \div 4,916.55 = 12.17932$  months

During 12.17932 months, kids give back  $(12.17932 \times \$4,387.50) = \$53,436.77$

Kids keep  $\$113,000 - 53,436.77 = \$59,563.24$

Next week I will explain the mechanics of making the transfers, applying for Medicaid and making the transfers back to Charlie.

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