

## Shield Your Assets as Part of a Comprehensive Long-Term Care Plan

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Whether you're assisting an aging parent or proactively planning for your future, the rising costs of long-term care are a pressing concern for many. Understanding how to protect your assets while ensuring access to necessary care is essential in safeguarding your financial future.

According to the *2024 Cost of Care Survey* by Genworth and CareScout:

- Nursing home care costs average \$9,277 per month for a semi-private room, and \$10,646 for a private room nationwide.
- Assisted living care costs average \$5,900 per month.

In high-cost states like New Jersey, these figures can increase by 20% to 30%, further complicating long-term care planning.

For individuals unable to afford these costs privately, Medicaid may offer financial relief. This government program primarily serves low-income individuals with limited assets. In New Jersey, as of 2025, individual applicants for Medicaid must have a monthly income below \$2,901 and countable assets under \$2,000. When a married individual is applying for Medicaid, the non-applicant (at home) spouse is entitled to retain resources up to a maximum of \$157,920.

For middle-class families, qualifying for Medicaid often means either exhausting personal assets to pay for long-term care or developing a strategy to protect some assets, which requires planning well in advance.

One key strategy involves consulting with an elder law attorney to create an irrevocable trust. This legal tool allows individuals to transfer ownership of their assets to a third party, such as their children or other beneficiaries, while still preserving their estate planning goals. An irrevocable trust can be a critical component of your Medicaid planning, enabling you to qualify for government assistance while safeguarding your wealth.

### How Medicaid Planning with Irrevocable Trusts Works

In Medicaid asset protection planning, assets such as real estate, savings, and other valuables are transferred to a third party, often a trusted family member who would otherwise be the beneficiary of that person's estate, who creates and manages an irrevocable trust. Once you transfer assets to the trust:

- You no longer retain legal ownership or control of these assets.
- The trust's terms are permanent and cannot be altered or revoked.

This "uncompensated transfer" ensures that the assets are not considered in Medicaid eligibility calculations, thus protecting them from Medicaid's asset spend-down rules. The assets are no longer part of your estate, which helps you qualify for Medicaid financial assistance while keeping your wealth intact for your beneficiaries.

### **Potential Benefits of a Medicaid Planning Irrevocable Trust**

A well-structured irrevocable trust offers several advantages, including:

- **Asset Protection:** Shields assets from Medicaid's estate recovery process, which could otherwise claim assets after death.
- **Creditor Protection:** Safeguards your assets from potential claims by creditors.
- **Centralized management:** Streamline centralized control of the assets, allowing for more efficient decision making, efficiency and reduced conflicts.
- **Simplified Estate Administration:** Reduces probate complexity and costs.
- **Estate Planning Goals:** Ensures the transfer of assets to your intended beneficiaries in accordance with your wishes.

### **Additional Considerations**

When applying for Medicaid, the program requires a five-year look-back period on asset transfers. Therefore, it is crucial to transfer assets or make gifts at least five years prior to applying for Medicaid benefits or needing long-term care. Any transfers made within this period could result in a penalty and delay in benefits.

Because transferring assets to an irrevocable trust is a significant decision, it should be done well before a crisis arises. Planning is essential to avoid complications and ensure compliance with Medicaid's stringent rules. Consulting with an experienced estate planning attorney specializing in elder law is critical to crafting a plan that is tailored to your specific needs and state regulations.

### **Get Expert Guidance**

When you're ready to create a comprehensive elder law plan, Saiber's estate planning team is here to help. We can guide you through every step of the process, ensuring that your assets are protected while you maintain your Medicaid eligibility.