

Medicaid Planning Is Back

What is Medicaid Planning?

Medicaid Planning involves working with an Elder Law Attorney to preserve assets for the spouse or beneficiaries that are not currently in an assisted living or long-term care facility. It involves repositioning assets to create income streams instead of having readily available assets that must be spent down in order to qualify for Medicaid.

Where has it been?

In recent history, states passed guidelines that included look-back provisions that limited a client's ability to use their assets after going into a facility. Once the client was in the facility, it was believed by most advisors that nothing further could be done to help their client.

What has changed?

Recent court cases have ruled in favor of clients. These court cases involved people who repositioned assets, putting money into Medicaid compliant SPIA's in order to create an income stream and eliminating a countable asset.

What is a Medicaid compliant SPIA?

A Medicaid compliant SPIA is an immediate annuity that, once it is put in place, has the following characteristics:

1. Must pay out in equal installments equal to or shorter than the client's life expectancy
2. Must be irrevocable
3. Must be non-transferrable
4. Must be non-assignable
5. Must be non-commutable
6. Must have no cash value
7. Must be actuarially sound
8. Must name DHS as Preferred remainder beneficiary
9. Must not allow for balloon payments

What can I do as an advisor to help my clients in this situation?

Please talk to an Elder Law Attorney as soon as possible. The earlier you begin the planning, the better you can help your clients. Laws vary from state to state. Please let an Elder Law Attorney design the case.

If you would like more information, please contact:

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