

LEGAL-EASE

Legal Writing You Can Understand

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New Laws - New Planning

To quote one of the most quotable Americans, “In this world nothing can be said to be certain except death and taxes.” (Benjamin Franklin). And as I sit here yet again trying to write about the newest tax laws, I realized that there is nothing certain about the tax laws — in fact, they are ever changing.

In December, Congress passed legislation to prevent the estate tax from being levied on estates in excess of one million dollars; yet once again, it is a short term “fix.”

The exemption for the next 2 years is \$5,000,000 per person – enough that most of us do not need to be concerned about paying federal estate taxes. But this is merely a two year interlude and January 1, 2013, the estate tax exemption reverts to \$1,000,000 per person again unless Congress makes a change prior to that. So while you may wish to sigh with relief for the next two years, it could be a very short sigh.

A new concept in the legislation is “portability.” This impacts married couples where the first spouse does not use his/her entire exemption amount. The surviving spouse “inherits” the remaining exemption amount **provided that a federal estate tax return is filed where such an election is made.**

And, of course, the State has its own estate tax rules – currently Connecticut has a \$3,500,000 dollar per person exemption from State estate tax, but the Governor’s budget plan proposes a reduction in the exemption to \$2,000,000 per person.

Once again, we’re in a “wait and see” position. There is one certainty, however, in estate planning – that you can only remain in charge of what happens to your assets upon your death if you actually sign a proper Will. Otherwise, added to the uncertainty of taxes, you have the Probate Court deciding who will handle your estate administration and you have the State of Connecticut deciding what will happen to your assets.

Even if estate tax is not a concern for you, there are many important reasons for having a Will: 1) deciding who will receive your assets upon your death, 2) choosing who will handle the settling of your estate, 3) providing appropriately if you have loved ones with special needs or minors for whom you wish to provide, and 4) remembering charitable organizations which are important to you are among the most important ones.



BARBARA W. REYNOLDS

Changes in Medicaid Under the Governor’s Proposed Budget Plan

Last May, Governor Rell signed a bill which allowed spouses to keep up to \$109,560 if his or her spouse were in a nursing home and in need of Medicaid assistance. Prior to that, the spouse could keep only one-half of the couples counted assets up to a maximum of \$109,560. Now, if a couple has less than that amount, the spouse may keep *all* of the assets.

Governor Malloy, however, has proposed that we return to the previous system where spouses may only keep one-half of the assets up to \$109,560. This means that if a couple has a total of \$90,000 for example, the spouse would only be allowed to keep \$45,000, not the entire \$90,000.

Furthermore, he has proposed that a recipient’s personal needs allowance be reduced from \$69 per month to \$60 per month. The personal needs allowance is the amount that an institutionalized recipient may keep each month for things such as haircuts, television, magazines or newspapers.

I wonder what the cost savings to the State is with such a reduction?

Finally, there is a 5-year “look back” period for every applicant. This means that the processing time for applications is substantially longer, thus creating greater potential liabilities if an error is made.

Happy 10th Anniversary
Barbara W. Reynolds, LLC



CHANGES IN PROBATE COURT FEES

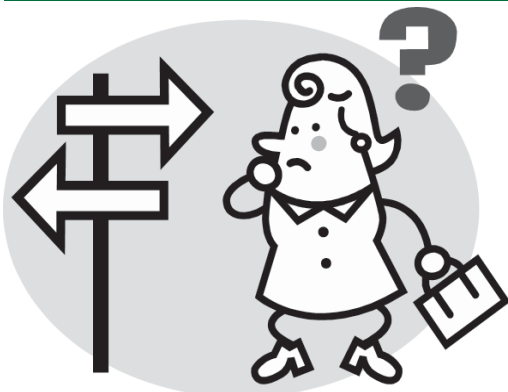
We're now dealing with the consolidated probate courts - and it's too soon to tell just what the impact will be, but we do know the legislature has made a couple of changes in probate court fees. For the first time, the court will charge interest on late payment of its fee.

A court's invoice is generally sent 30 days after the Connecticut Estate Tax Return is filed. If payment is not received 30 days after the invoice date, interest in the amount of .5% per month will be charged. If a

return is not filed by the due date, interest will begin accruing 3 days after the date it was due.

This is important for married couples to understand because often the surviving spouse does not even realize that a return is necessary and may not file until ready to sell the real estate years later. The law does exempt interest if the portion of the gross taxable estate passing to a surviving spouse is less than \$500,000 or if the gross taxable estate itself is less than \$40,000.

Ask Barbara



Question: How can I avoid Probate?

Answer: Having the right estate planning documents is the first step. Working with an estate planning attorney to discuss your goals and find out whether avoiding Probate is right for YOU will vastly improve the chances of a smooth estate settlement upon your death. The probate process has been simplified and streamlined over the years. Fees are the same whether assets are probated or not. It may not be necessary to incur the extra costs and complexity to avoid probate.

Why You Need an Attorney to File a Medicaid Application

If you have a spouse, parent or other family member enter a nursing home, you are often told by the hospital discharge planner or nursing home admissions director to apply for Medicaid immediately.

Frequently the person telling you to apply also offers to assist you in "filling out the forms." Why should you hire an attorney to help you?

Unfortunately, obtaining Medicaid eligibility is far more complicated than merely "filling out the forms."

Medicaid is a federal program which is administered through the State's Department of Social

Services. Although designed principally for individuals who are impoverished, this program provides assistance for many middle-class individuals who are in need of long term medical care. The rules governing Title 19, and related tax planning, are extraordinarily complex for the uninitiated.

People who assist you in "filling out the forms" may forget to tell you important information which may mean the difference between having your application approved or rejected. An attorney knows the time requirements for spending down and the rules for failing to submit documents

on time. She will be certain that you understand exactly what you must do to qualify as early as possible. The difference between qualifying in a timely way and two, three or six months later can mean a savings of tens of thousands of dollars!

An attorney will relieve stress by dealing with the State for you. Rules have changed considerably in the last couple of years and how information is presented to the State is more important than ever. A professional understands the nuances of the rules and will make certain that the outcome is most favorable to you.

SEMINAR SCHEDULE

Monday, March 28 at 1:00 pm: New Fairfield Senior Center.

Barbara will join Judge Martin Landgrebe to discuss all you want to know about Wills, Trusts and Probate.

Thursday, April 7 at 7:00 pm: New Fairfield Senior Center.

Barbara will join with realtor, Tom Assheton, Kathy Hull, Director of the Senior Center, Cindy White, social worker, and Marlene Sarlerno, moderator to discuss "Aging in Place" sponsored by the New Fairfield Commission on Aging and the Ridgefield VNA.

Thursday, April 28 at 6:00 pm: Webster Bank, 19 Main Street, New Milford

Barbara will join Andrea Wilson of the New Milford VNA and Denise Hayes and Kathy Hanson of Webster Bank to discuss making and financing sound decisions for your future. Light supper will be provided. Reserve your space by April 25.

For more information on these and other seminars, please call our office at 860-350-0055.

Need a Speaker for your Group?

Barbara continues to be available to speak to your group or organization without charge. Attendees are eligible for a free initial consultation offered at each seminar.

Please do not hesitate to call our office at 860-350-0055 to arrange an educational and informative presentation by Barbara.

Should You Buy That Timeshare?

Before buying that timeshare keep in mind the following: Ownership in a timeshare is not the same as owning other real property. It is an investment in a vacation.

If you are purchasing for investment reasons, you will undoubtedly be disappointed. The resale value for time shares does not appreciate as other real estate investments. In fact, you will be fortunate if you are able to resell that time share for 50% to 75% less than the original cost.

We recently had a client who needed to know the fair market value of her parents' timeshare so that she could purchase it from them. The timeshare involved two prime weeks in a villa resort in Nassau.

When we contacted the managing company we were told that they were selling similar units for \$18,500 per week. However, when we asked them what they would be



Attorney Maria Scotti-Laifer

willing to pay to repurchase the same units from our client, we were told that they would buy them for \$1,200 per week. A HUGE difference!

We have also had clients who could not afford to pay the monthly fees any longer. Not only could they not sell the timeshares, they actually *paid* a company to take the timeshares off their hands so they

were no longer responsible for the monthly fees associated with the maintenance of the units and the resort!

This brings us to another major disadvantage of timeshare ownership. Owners must pay yearly maintenance fees which generally increase over time whether you use your time share or not. Owners are also responsible for "special assessments" which arise when there are unexpected major costs of maintaining, upgrading or repairing the resort.

Lastly, you often have to plan a timeshare vacation a year in advance especially if you are trying to reserve a floating week or exchange your week at your usual resort for another property. Given these drawbacks, think twice before signing that contract!

Barbara W. Reynolds
LLC

LAW OFFICES

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Did you Know?

- . . that Barbara has once again been named a Connecticut Super Lawyer for 2011 by Law & Politics of Connecticut Magazine?
- . . that Debbie's son Anthony, who is a Chemistry professor at Colgate University, recently became engaged to Chetna?
- . . that Barbara's son Parker landed his "dream job" working in a Congressional office on Capitol Hill as an aide?
- . . That Beth's son, U.S. Army Captain Chris Kennedy, will be returning to civilian life in August and is looking forward to pursuing his MBA?
- . . . That Beth rescued this adorable homeless black kitty in Maine last spring and is looking for a home for her? She's just a year old, neutered and has all her shots. If interested, please call Beth at 860-350-0055.

