

Senior Law Quarterly

Volume VIII, Issue 3

Winter 2011

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Ten Things to Tell Your Children About Your Affairs

With the holidays just around the corner, many families are gathering to celebrate together with games, food, stories, and other festivities. With so much of the family assembled in one place, now is a good time to open up conversation with your adult children about your personal and financial affairs.

Although it can be a pretty uncomfortable topic for many parents, communication now helps to avoid problems in the future. It is necessary to discuss some crucial topics in regards to your affairs:

- **Your Advisors.** While it is not always possible to arrange a face-to-face meeting between your children and your attorney, accountant, and financial advisor, it is a good idea to ensure that your children are given a business card from each advisor so that they can record those names for future reference.
- **Your Assets.** This can be a particularly difficult topic for

parents, and if you are having trouble telling your children about all of your assets and holdings, you should at least notify them about where they can find the information should you become disabled or incapacitated. It is especially critical to tell your child if he or she happens to be the successor trustee in your trust or attorney-in-fact in your general durable power of attorney.

- **Your Online Usernames and Passwords.** If you conduct any business through the internet it is imperative that it is possible for your adult children who may serve as your trustee or attorney-in-fact to be able to locate your usernames and passwords in order to access those accounts.
- **Your Documents.** It is unwise to tell your adult child who is named as your successor trustee, attorney-in-fact, or health care agent to simply

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The choice of an attorney is an important decision and should not be based solely on advertising.

Telling Your Adult Children About Your Estate Plan

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call your attorney in case of an emergency, as a crisis could occur at night or on a weekend or holiday. Make sure that your child knows how to find the documents in which he or she is named, in case your child has to prove his or her ability to act for your benefit.

- **Your Doctors and Medicines.** You should tell your children, especially those that are named as health care agents, which doctors are currently treating you, what prescription medications you take, and the name and address of your usual pharmacy, so they know who to contact in case of an emergency.
- **Anything Affecting Your Children's Estate Plan.** If anything in your plan can have an impact on your children's estate plans, such as the creation of a trust that contains a "power of appointment" that allows your children to designate beneficiaries of their inherited trusts, they should know this information. If they draft their estate planning documents without the knowledge of such provisions, their estate plans could be incomplete.
- **Your Tangible Personal Property.** Many disputes over estates can occur over personal items, as opposed to money and property. It is important to create a Tangible Personal Property List designating who gets the wedding ring, family photo albums, and the coin collection. It is a good idea to discuss this with your children first since you will want to know what they cherish the most or want to remember you by when making the list.
- **Your Insurance Information.** Your children, especially those named as your health care agents, should know your health insurance information—or your supplemental policy information if you are on Medicare—and any long-term care insurance policies. Your health care agents also need to be able to access these account numbers easily.
- **Your Prepaid Funeral Arrangements and Burial Instructions.** Any prepaid funeral arrangements, cremation contracts, and burial instructions should be disclosed to your family. Although it can be a grim subject, you must make an effort to discuss the particulars of your funeral service with your children.
- **Your Personal Wishes.** Finally, in case of a disability, your children need to know what your personal wishes are in terms of where you want to stay, what to do if funds are low, etc., and how to deal with those situations.

Although these discussions can be difficult to open, they are nevertheless extremely important. It is never too early to open the subject of your estate planning with your adult children.

Reserve some time to discuss your personal matters this holiday season while everyone is already together, and afterwards everyone will be able to breathe a little easier during the festivities.

Cohabitation for the Elderly on the Rise

Although many people consider cohabitation to be a phenomenon reserved for younger couples, an increasing number of unmarried, elderly couples are living together.

The U.S. census reported that cohabitation numbers for people aged sixty-five and older have tripled in the last decade, from 193,000 in 2000 to 575,000 in 2010. The actual numbers may be far greater than that, considering the social taboo against cohabiting couples.

In part, this increase of cohabitation can be attributed to a relaxed social attitude towards marriage; many believe that cohabitation before marriage strengthens the relationship.

In fact, only half of all American adults reported that they were married in the 2010 census, while nearly sixty percent admitted to living with a partner without being married. While a few decades ago, cohabitation was considered appalling, nowadays it is part of the social norm.

Another key reason for the rise in unmarried senior couples is money. Many widows and widowers would forfeit their survivor's benefits in Social Security or pension checks if they were to remarry.

A new spouse can also complicate the terms of the estate planning documents already set in place for themselves. For many, it is

much easier and more fiscally favorable to opt for cohabitation rather than tying the knot.

For many seniors, 'cohabitation' is just another word for 'companionship.' Sharing experiences by living together gives a sense of belonging and a feeling of connection that is sorely missed in a period of life during which many loved ones are lost.

It's easy to see why the social stigma against elderly couples cohabiting is being lifted; sometimes clergy even informally bless these committed bonds.

Source: Sacramento Bee

Concerns About 3.8% Medicare Surtax

As we inch closer to 2013, there has been much talk about the 3.8% Medicare surtax. One such rumor has many people afraid that the profits from the sale of their home will be included in this tax; however, in most instances, this is not true.

The surtax on investment income applied by this health care reform law will

only affect higher-income persons with adjusted gross incomes of \$200,000 for single persons or \$250,000 for married couples.

Even for those with higher incomes, most home-sale profit won't be included in this new tax, as long as the residence has been lived in for at least two of the five years before the sale.

However, only primary residences are excluded from the surtax being put into place after 2012: profits from rental properties and second home sales will be struck by the surtax.

Source: Kiplinger's Personal Finance Advisor

SOUTH COUNTY SENIOR LAW & ESTATE PLANNING CENTER, LLC

5520 Telegraph Rd., Suite 104
5518 Telegraph Rd., Suite 101
St. Louis, MO 63129

Phone: 314-845-0541
Fax: 314-845-2580
Email: dmertz@STLseniorlaw.com
mkennedy@STLseniorlaw.com
chart@STLseniorlaw.com



Dennis B. Mertz

Mavis Kennedy, CELA (seated)*

Christine F. Hart

South County Senior Law & Estate Planning Center, LLC has been serving the needs of our senior clients for twenty years. The firm attorneys, Dennis B. Mertz, Mavis Kennedy, and Christine F. Hart are members of NAELA, Inc. (National Academy of Elder Law Attorneys), dedicated to meeting the legal needs of all persons of all ages, including seniors.

We concentrate our practices in the areas of estate planning, trusts and estates, powers of attorney, probate, asset preservation, including Medicaid planning and tax advice, Special Needs Trusts and trust administration, nursing home abuse, will contests and other contested estate matters, financial exploitation of the elderly, personal injury, and guardianships and conservatorships. The initial consultation with any of our senior law attorneys is always at no charge or obligation to employ our firm. Call us at (314) 845-0541 to schedule an appointment to discuss any of your legal questions.

SHARE YOUR NEWSLETTER

We encourage you to share this newsletter with anyone who is interested in issues pertaining to seniors. The information in this newsletter may be disseminated without charge or permission, but with appropriate citation to *Senior Law Quarterly*.

Anyone wishing to be added to our newsletter mailing list should contact our office at (314) 845-0541 with your request.

*Mavis Kennedy is a Certified Elder Law Attorney by the National Elder Law Foundation, the only elder law certification program accredited by the American Bar Association. Certified Elder Law Attorneys offer the specialized knowledge, skills and experience to resolve legal issues that affect older people and the disabled.

(Neither the Supreme Court nor the Bar of Missouri reviews or approves certifying organizations or specialist designations).

Medicare Part B Premiums Lower Than Anticipated

In May of this year, Medicare Trustees predicted that the monthly premiums for Medicare Part B in 2012 would be bumped to \$106, a \$10 increase over the \$96.40 currently paid.

In October, however, the Department of Health and Human Services (HHS) stated that monthly premiums would see a much smaller increase: instead of the \$10 jump originally projected, premiums will only increase by about \$3.50, so that seniors will on-

ly be paying \$99.90 per month.

In addition, the Part B deductible for Medicare will see a \$22 drop to \$140 in 2012. Between that and an average \$43 cost-of-living increase in Social Security, the typical retired person could receive an extra \$40 per month over 2011.