



ELDER LAW *Update*

NEWS AND IMPORTANT INFORMATION FOR SENIORS AND THEIR FAMILIES



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THE FUTURE OF CAREGIVING IN THE UNITED STATES

With Americans living longer than ever before, many of us will eventually require long-term care. It has been estimated that half of all women, and one in four men, will spend time in a nursing home at some point in their lives. However, the true foundation of our long-term

care system is family caregivers, who provide assistance and support to parents in the home. Eighty percent of those receiving care get the care they need at

home, from family members. A recent study by the AARP suggests that this system will be undermined in the future by demographic changes.

Baby Boomers are now in their fifties and sixties. Many provide care for aging parents. Boomers in their 50s frequently take time off from work to care for their parents, while Boomers in their 60s often spend the early years of their

retirement providing such care. And there are plenty of Boomers available to do so. In fact, in 2010, there were more than seven potential caregivers for every person aged 80 or above.

This will change dramatically in the coming decades. By 2030, the number of caregivers available for every person over 80 years of age will drop to four. By the year 2050, it is estimated that this number will drop to two and a half. As Boomers grow older and eventually require care themselves, who will provide it? And what does the future look like for the generation that follows?

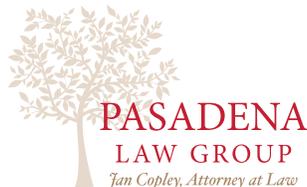
Other demographic factors will impact the available pool of family caregivers as well. These include the high divorce rate, the percentage of women who work outside the home, and the tendency for young adults to relocate far from where their parents live in search of better opportunities for employment.



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THE FUTURE OF CAREGIVING IN THE UNITED STATES (CONT.)

What does this mean for the future of family caregiving? Perhaps we will see different forms of residential care than that currently provided in single-family homes. Neighbors and friends may be able to increasingly provide the necessary care. What is certain is that the face of caregiving will change.

A recent trend provides a hint of one option that could become popular and readily available in the future—supportive housing. Options range from board and care homes to large institutional complexes. Supportive facilities typically provide food and personal assistance while seeking to encourage independence and a sense of privacy and personal dignity. Services available from supportive housing

facilities can include assistance with dressing, preparing meals, eating, shopping, cleaning, and supervision over the residents' health and emotional well-being. In situations where round-the-clock care is not needed, supportive housing could very well turn out to be an option, as in-home care provided by family members becomes a thing of the past.

All of this underscores the need to plan ahead for the possibility of requiring long-term care. Particularly, when you factor in the cost of receiving care from professionals, assisted living facilities and nursing homes. We welcome the opportunity to work with you to create the long-term care plan that's right for you and your family.

HOW THE PORTABILITY PROVISION CAN DOUBLE YOUR EXEMPTION FROM FEDERAL ESTATE TAX

For legally married couples, the portability provision allows for the transfer of the federal estate tax exemption from the estate of a spouse who passes away to the estate of the surviving spouse. Given that the maximum federal estate-tax exemption in 2013 is \$5.25 million per person, by making use of the portability provision, the federal exemption upon the second spouse's death can increase from \$5.25 million to \$10.5 million.

While the portability provision was scheduled to expire last January, it did not. And even though the Obama administration would like to reduce the federal estate tax exemption from the current \$5.25 million to \$3.5 million, there is no plan to phase out the portability provision any time soon.

In order to take advantage of the portability provision, IRS Form 706 should be filed within nine months of the first spouse's death. However, it is possible for the surviving spouse to file Form 4769 and get a six-month extension. For families of means, the portability provision provides an excellent and relatively simple way to save millions of dollars in estate taxes.



CHALLENGES TO WILLS AND HOW TO PREVENT THEM



You've no doubt read or heard about families battling over a decedent's assets. Perhaps you believe that disputes over estates, even when there is a Will, only happen to "rich people" and that challenges to Wills are extremely rare. Not so. Disputes over Wills have become commonplace and involve estates both large and small. We live in a highly litigious society and people seem to sue one another over just about anything—including "who deserves what" when someone passes away. This despite the fact that contesting a Will can be extremely expensive, time consuming, frustrating, and emotionally devastating for all parties involved.

What can you do to reduce the possibility of your Will being disputed? One strategy is to make the risk of challenging the Will outweigh the potential benefit

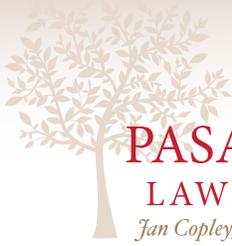
of doing so. A relatively simple example is what is known as a no-contest clause. Let's say you have been very disappointed by the behavior of a child, a grandchild, or other potential heir. You would rather leave them nothing at all, but fear that if you do, he or she might challenge the Will. By leaving "something" to them, and putting the no-contest clause into the Will, the person in question would get nothing if he or she challenged the Will unsuccessfully.

The no-contest clause is but one example. There are a number of estate planning tools and strategies that can help ensure your wishes regarding "who gets what" are carried out. The best strategy is to begin the planning process as early as possible, and keep your plan up to date as your needs and wishes change over time.

IS YOUR PLAN UP TO DATE?

We've said it before, but as an elder law and estate planning firm dedicated to making sure your plan continues to address your needs and goals, we'll say it again. Take a look at your plan and make sure your Will, Advance Directives, Trusts and other planning documents are up to date. If there have been changes in your family, your health, or your financial situation, please call us to schedule a review. We are here for you and welcome the opportunity to speak with you in person.





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A PERSONAL NOTE FROM JAN

Welcome to the Pasadena Law Group's most recent elder law newsletter! In it, we talk about the future of caring for people who need assistance, the new federal tax law allowing a couple to take full advantage of the estate tax exclusion ("portability"), and will challenges and how to avoid them. In other words, I think we've included something of interest for everybody.

Some of you may have noticed that we didn't put out a newsletter for the third quarter of this year. Well, there's a reason for that: my husband I and spent six weeks in Europe this summer. We attended my stepson's wedding in Cyprus, and then did the grand tour of Great Britain and Western Europe. I enjoyed it, I learned a lot, and I grew to appreciate what I have here at home — including you, the wonderful clients of and advisors to the Pasadena Law Group.

I hope you don't mind, but I can't resist including my favorite picture from our trip: the Venice skyline at sunset. It was a wonderful, magical moment.



Let me take this opportunity to wish each of you a terrific Holiday Season.

Jan Copley, Attorney at Law