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MEMBER



Special needs require special lawyers.

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EXPECTING AN INHERITANCE? – NOT SO FAST

Many luxury cars sport bumper stickers that proclaim: “I’m spending my children’s inheritance.” A recent *New York Times* article addressed the demands on retirees’ savings and the reasons why the younger generations should not count on receiving inheritances from older relatives. People who thought they would have enough assets to pass along and those who may think that money will be coming to them are finding that there are obstacles in the way.

Here are some cold facts:

- Those who survive to age 65 will live much longer. In 2005 men age 65 could expect to live until age 82, while women could expect to live to age 87. People who live that long will not necessarily want to scale back their standard of living.
- Healthcare costs will continue to rise; estimates say that out-of-pocket health costs may reach seven figures for a couple. Because there will be fewer employer-sponsored retiree health insurance programs, more people will rely on Medicare. Medicare premiums are expected to continue to rise, and the program may not cover emerging procedures or may cover fewer procedures. Fidelity Investments predicts that those retiring this year at age 65 may need \$225,000 to cover healthcare costs in retirement, excluding nursing home expenses, dentist’s visits and non-prescription drugs. People aged 55 this year may need as much as \$1,064,000 in savings to fund future healthcare expenses.
- Social Security will probably change, taxes on these benefits may rise, and people may have to wait longer to collect these benefits. Additionally, because pensions are disappearing, people will be depending more on the markets to perform well enough to fund their retirement “needs,” as well as their retirement “wants.”

- Divorced parents may have less money to pass on, not only because of the cost of divorce, but also because of the cost of maintaining separate households. Additionally, non-custodial parents may be less-inclined to leave an inheritance to their children.
- Reverse mortgages make it easier to reduce the family home's equity, leaving less for the children. People are also using mortgages as financial planning options, instead of just to pay for rising healthcare costs and emergencies.
- People who own term life insurance often let the policies expire without buying new ones after the children are grown, or after a spouse dies. Additionally, owners of whole life insurance policies may have the opportunity to sell their policies or cash them in.
- Many parents and grandparents are passing on wealth during their lifetimes instead of after their deaths. They may help pay for tuition or help pay down student loan debt, provide down payments for the purchase of homes, or help out in emergencies. These can be part of an effort to reduce estate taxes, or these may be out of necessity.

The attorneys at Oast & Hook can assist clients with their estate, insurance, investment, long-term care and veterans' benefits planning.

Ask Allie

O&H: Allie, what do you do to stay entertained during these summer days?

Allie: Well, I'm an indoor cat, so I'm not outside chasing birds and squirrels, but I'm not catching fleas either. Our conference room window looks out on the mall area next to the Children's Museum entrance – we call it "kitty TV." It's fun to watch the kids as they go into and out of the museum. If the sunlight is just right, the kids can look in and see me watching them. I can play with them through the glass without worrying about getting my tail pulled! On rainy days, I pester the staff to play with the laser toy, or just take a few naps.



Please feel free to e-mail your questions to Allie at: allie@oasthook.com.

Speakers

If you are interested in having an elder law attorney from Oast & Hook speak at an event, then please call Jennifer Lantz at 757-399-7506.

Distribution of This Newsletter

Oast & Hook encourages you to share this newsletter with anyone who is interested in issues pertaining to the elderly, the disabled and their advocates. The information in this newsletter may be copied and distributed, without charge and without permission, but with appropriate citation to Oast & Hook, P.C. If you are interested in a free subscription to the *Oast & Hook News*, then please e-mail us at mail@oasthook.com, telephone us at 757-399-7506, or fax us at 757-397-1267.

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