

Offices in
Elizabeth City, Portsmouth,
and Virginia Beach
Tel: 757-399-7506
Tel: 252-722-2890
Fax: 757-397-1267
Web: www.oasthook.com



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Editor
Sandra L. Smith,
Certified Elder Law Attorney

NEW DEVELOPMENTS IN THE ESTATE TAX LAW, ARE YOU AFFECTED?

A new development occurred on January 1, 2010, that affects the vast majority of our clients. Changes to the federal estate tax will affect our estate planning clients, while changes to the way capital gains will be calculated will affect all of our clients, including our elder law clients. The lawyers at Oast & Hook have studied the potential impact of the repeal of the federal estate tax and the generation skipping transfer tax, and Oast & Hook will present a free seminar to those who think they could be affected by these changes. Make sure your estate plan is not obsolete. Reserve your seat now. Oast & Hook will present this seminar twice on February 22nd at the Virginia Beach Central Library, 4100 Virginia Beach Boulevard, Virginia Beach, Virginia 23452. The first presentation begins at 10:00 a.m., and the second presentation begins at 4:00 p.m. If you have any questions about this seminar or if you would like to register for it, then please phone Oast & Hook at 757-399-7506.

MEDICARE COSTS MORE FOR SOME BENEFICIARIES

The January 8, 2010, issue of the *Oast & Hook News* discussed Medicare premiums for 2010, and stated that some beneficiaries would pay higher part B premiums in 2010. Most beneficiaries will not see an increase in 2010 because of the Social Security Act's "hold harmless" provision. This provision means that Medicare cannot pass along a premium increase to Social Security recipients that is higher than the Social Security annual cost-of-living adjustment. There is no Social Security increase expected for 2010, so Medicare cannot charge beneficiaries receiving Social Security any extra premiums.

Medicare Part B premium revenues are intended to cover approximately 25% of the average cost of Medicare Part B services received by enrollees age 65 years and older. The premiums are set by the Department of Health and Human Services. Because 73% of Medicare Part B beneficiaries also receive Social Security and therefore have no premium increase, the remaining 27% of Medicare recipients must make up the difference with higher premiums in order to cover increased costs of Part B services. According to a Kaiser Family Foundation report, "The Part B premium increase is higher than it would otherwise be because the costs are spread over a smaller share of beneficiaries."

A recent *Wall Street Journal* article stated that the beneficiaries affected by the premium increases include the 3% of the Medicare Part B recipients who will turn age 65 years this year, as well as the 2% of Part B recipients who are not yet receiving Social Security because they are waiting to reach their full retirement age to begin receiving Social Security. Those individuals will pay a minimum of \$110.50 per month in premiums, up from \$96.40 per month. This inequity is expected to extend into 2011, if there is no Social Security cost-of-living adjustment next year. Higher income individuals who are subject to larger monthly Part B premiums and lower-income enrollees whose premiums are paid by Medicaid are also not covered under the hold harmless provision. Some individuals who are subject to the higher premiums have expressed unhappiness with the result. Richard Braden, age 66 years, was laid off in 2008, but delayed signing up for Social Security until he reached his full retirement age in December 2009. Because he was not receiving Social Security in November 2009 (as required to be covered by the hold harmless provision), he must pay the higher Part B premium this year. "It really bothers me that I'm being penalized for waiting [to receive Social Security]." His family lives on their savings and his wife's salary. Oast & Hook will keep readers of the *Oast & Hook News* informed about further developments with this issue.

The attorneys at Oast and Hook can assist clients with their estate, financial, investment, insurance, long-term care, veterans benefits and special needs planning issues.

Ask Allie

O&H: Allie, we know that many people use Twitter. We've heard that dogs can now use Twitter. Please tell us about it.

Allie: Sure! Toy company Mattel Inc. will soon release Puppy Tweets, a high tech toy that will let dogs publicize their everyday activities on Twitter using a sound and motion sensor. The plastic tag is attached to the dog's collar and randomly generates one of 500 canned tweets when it detects motion or barking, and updates the dog's Twitter page. A dog's barking may result in a tweet that says, "I bark because I miss you. There I said it. Now hurry home." Because the tweets are random, they may not accurately reflect what the pet is actually doing. Puppy Tweets is expected to hit stores this fall for \$29.99. Well, that should be an interesting toy for dog families. I follow Sockington on Twitter; he has over 1.5 million followers and keeps me informed of his daily activities. Hmm, maybe it's time for me to get my own Twitter account, after all, I can already type....

Announcement

Letha McDowell will be giving a presentation at Province Place of DePaul, 6401 Granby Street, Norfolk, Virginia. The topic is “Long-term Care Planning in the Current Economy.” Reserve your seat now. Ms. McDowell will present this seminar twice on March 2nd. The first presentation begins at 2:00 p.m., and the second presentation begins at 6:00 p.m. If you have any questions about this seminar or if you would like to register for it, then please phone Jennifer Lantz at 757-399-7506.

Distribution of This Newsletter

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