

Offices in
Suffolk and
Virginia Beach, Virginia
Tel: 757-399-7506
Fax: 757-397-1267
Web: www.oasthook.com



National Academy of
Elder Law Attorneys, Inc.

MEMBER

MEMBER



Special needs require special lawyers.

INSIDE THIS ISSUE

- Compensating Family Caregivers
- Ask Allie
- Announcement
- Distribution of This Newsletter

Editor
Sandra L. Smith,
Certified Elder Law Attorney

COMPENSATING FAMILY CAREGIVERS

During the holiday season, many adult children return home to visit their parents and find that their parents need assistance in order to remain at home. A recent article in *Financial Advisor Magazine* discussed compensating family members for providing care to parents.

In late 2009 the National Alliance for Caregiving, in coordination with AARP and funded by MetLife Foundation, conducted a survey of caregiving in the U.S. The survey revealed that the number for Americans who look after a person with disabilities age 50 years or older has jumped to 43.5 million, a 28% jump since 2004. An increasing number of family caregivers are getting paid for their efforts. Elder law attorney Angela Crandall says, "more and more people are making the care of a loved one their full-time job and getting compensated for doing so. Also, as the cost of nursing homes, home health care, and assisted-living facilities rise, more and more families find themselves unable to cover the cost of care for a loved one and must instead provide that care themselves."

Payments to family caregivers may help reduce estate tax liability for parents, and they may be medical deductions for the recipient of the care. Experts caution that it is essential that the transactions are properly reported. These experts recommend hiring a payroll service to write the checks, withhold appropriate employee taxes, and file employer taxes. It is also a good idea to carry insurance for any full-time employee working in the home. If the caregiver is living with the parent, room and board is considered partial payment and should be documented along with the salary. Advisors recommend drafting formal employment agreements; these agreements are critical if the patient ever applies for Medicaid for long-term care. The personal service contract should specify the number of hours of service per week, the hourly rate (which must be reasonable and customary for the region), and the types of duties to be performed. Parents should not

transfer assets to their children to pay for care because this also may present problems if the parent later applies for Medicaid.

Another good reason to prepare a formal caregiving agreement is to avoid possible future tension with other heirs. If a parent pays one child for providing care, then the other children may resent the impact on their future inheritance. Families should let everyone know at the outset what is going on in order to avoid problems later. Many families discuss and decide who is best suited for coping with the caregiving challenges. Lewis Walker, a financial advisor from Norcross, Georgia, says, "A lot of time, the one who picks up the ball feels stuck with it. This child just happens to be the closest geographically, or the only one who doesn't have small children at home, and gets kind of drafted involuntarily." Mr. Walker recommends a free-flowing discussion including fair compensation for caregiving.

Some families can afford to hire professional caregivers; however, if the parent does not have sufficient resources, then the burden may fall on the children. A family may have one member who can afford to assist with the financing. In such a case, the parent should sign a note at a reasonable interest rate, with the debt to the child the first to be paid at the parent's death, before the remaining assets are distributed to the heirs. This works particularly well when the parent's assets are illiquid, such as tied up in the family home, or if the market is not favorable for liquidating other assets.

Experts agree that planning ahead is the key to success. New York financial advisor Michael Fliegelman says, "People don't take the time to look at the big picture when it comes to financial planning for old age. If you wait until you are in the stage you are planning for, then you might find yourself inadequately prepared."

The attorneys at Oast & Hook can assist clients with their financial, estate, insurance, life care, veterans benefits and special needs planning issues.

Ask Allie

O&H: Allie, we've heard that dogs can suffer from seasonal allergies like their human families. Please tell us how people can help their dogs fight itching and scratching.

Allie: Sure! Your dog may be allergic to pollens and molds. Steroid-based treatments can help, but can cause diabetes, osteoporosis, and liver disease, says Shawn Messionner, D.V.M., a holistic vet and author of *The Natural Health Bible for Dog and Cats*. He has some suggestions for natural ways to fight itching. Keep your dog clean by washing your dog regularly (perhaps daily during allergy season). Launder your dog's bedding and blankets to get rid of pollen in the fibers. If there are scratched-open sores, then apply a warm wet black tea bag to the spot. (The tea's tannic acid will stop the itch.) Then apply aloe vera to help speed healing. Supplement your dog's diet with omega-3 rich salmon oil; this can help ease irritation. Finally, you may want to try homeopathy and drop a combo of *Cutis compositum* and *Psorinoheel* into your dog's mouth 20 minutes before or after your dog eats to

help calm inflammation. You should consult your holistic veterinarian for proper dosages. These are great ideas. I have some allergies myself. I think I'll go tell my mom about this book so we can look for new ways to help me! See you next week!

Announcement

Oast & Hook attorney Brian Boys will speak on the topic of estate planning from noon to 1:00 p.m., Tuesday, January 11th at Fourth Baptist Church located at 726 South Street, Portsmouth, Virginia 23704. For more information on this church, please visit www.fourthbaptistchurch.com. For more information on this presentation, please phone Jennie Dell 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.

Please visit us on the world wide web at:

www.oasthook.com

Our website contains information about Oast & Hook and an archive of our newsletters and other estate planning, estate administration, and elder law articles in searchable form at.

Copyright © 2010 by Oast & Hook, P.C.

This newsletter is not intended as a substitute for legal counsel. While every precaution has been taken to make this newsletter accurate, we assume no responsibility for errors, omissions, or damages resulting from the use of the information in this newsletter.

This newsletter is produced to be sent electronically. If we currently fax you a copy of the Oast & Hook News but you prefer to receive it by e-mail, then please contact us at: mail@oasthook.com.

If you would like to be removed from our Oast & Hook News distribution list, please e-mail us at mail@oasthook.com, telephone us at 757-399-7506, or fax us at 757-397-1267.