

Caring for Children, Parents, or Others

Questions and Concerns:

- How do I assist family members with special needs that require financial support?
- How can I help aging parents or children with health problems?
- I would like to gift money or property to people important to me either now or in the future.

How do I assist family members with special needs that require financial support?

Parents who have children with Down's syndrome, autism, head injury, mental illness and other physical/mental disabilities that require financial assistance are often referred to as individuals with "special needs". The circumstance and degree of assistance vary among individuals. The major consideration is that an individual with special needs are cared for beyond the parents' or primary caregivers' lives. Often it is important to transition these individuals into facilities or programs that maintain care and promote independence. This transition can take several years for the child to adapt to a new environment.

A team of individuals are involved to lay out the plan including a specialized attorney, social worker, nurse coordinator, financial planner and independent non-profit support organizations. Several topics are addressed including special needs trust, guardianships, health care powers, self advocacy, governmental assistance programs and family support programs. It is important that the members of your team are specialists who help you navigate among trusts, health care, Social Security disability programs, Medicaid and other state programs.

Below are the resource links from ARC of New Mexico and the New Mexico Development Disabilities Council:

The ARC of New Mexico	http://arcnm.org/how-we-help/trust-program/
NM Development Disabilities Council	http://www.nmddpc.com/

How can I help aging parents or children with health problems?

As our parents grow older we will have to confront deteriorating health, loss of independence, and dependence on others to do even the most simple of tasks. In addition, they can be subject to elder financial abuse. It becomes important to maintain their care, maintain their finances and assist them gracefully into this major part of their lives. Although initially it is challenging, for many it is a beautiful final step. Just like people with special needs, everyone and their circumstances are different. Elderly parents have to deal with:

- Moving to an assisted living center or staying at home
- Providing for healthcare, home care, companionship care, taking care of the finances, doctor's appointment, ensuring that they are taking their medications, maintaining their property, providing for pets and protecting them from unscrupulous individuals who prey on the elderly.
- If your parent's financial resources are limited, then it will be important to coordinate the care that is available. This might mean seeking out programs and activities to monitor your parents



when you are not around. These can be the “Meal on Wheels”, nursing services, and other vital services.

Benefits Checkup	http://www.benefitscheckup.org/
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New Mexico Aging and Long-Term Services Department A-Z Pages provide several references to sites in relation to aging. The department can also be contacted toll-free number: 800-432-2080.

NM Aging and Long-Term Services	http://www.nmaging.state.nm.us/AtoZpages/AtoZpage.html
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I would like to gift money or property to people important to me either now or in the future.

The first consideration is to determine if you can afford to gift. This means knowing your net worth and cash flow. If you feel comfortable that gifting will not curtail your financial well being, then gifting is an option for whatever reason. This article is not to determine your reason or rational of the gift, but to consider various gifting strategies.

Tax Implications – Gifts in 2012 may be subject to federal estate and gift taxes on estates greater than \$5,000,000 for single individuals and \$10,000,000 for married couples. After 2013, this law expires and gifts will be subject to the federal and estate taxes on gifts over \$1,000,000 for single individuals and \$2,000,000 for married couples. The annual gift tax exemption is \$13,000 per individual or \$26,000 per couple to give to each person. Gifts to cover qualified medical and educational expenses are not subject to gift taxes.

If your estate is subject to taxation then there are gifting strategies to consider. For example you may want to gift a down payment on a home in the amount of \$52,000 to your son/daughter. This could be structured to give \$26,000 cash this year and lend them \$26,000 on a one year loan. At the end of the following year when your son/daughter pays the interest on the loan, you can forgive the loan. Thus you have provided the immediate funds for the down payment of a home and because it was spread over two years, you avoided the excess amount from being subject to gift taxes. It is important to consult with your tax advisor to provide the proper loan documents and instructions to satisfy IRS regulations.

Another gifting strategy is to gift appreciated property such as common stock to a person, especially if they are in low tax bracket. The cost basis of the stock will be transferred to the person receiving the stock and would be subject to capital gains taxes unless he/she is not in a taxable situation. The bottom line is to understand your financial situation and consult with your tax advisor prior to making substantial gifts.

How can a financial planner help a person care for loved ones?

A financial planner will direct a person to the various assistance agencies. In cases where direct financial support is necessary, a planner will do a cash flow analysis to determine the amount one can afford. In many situations this planner will work with an attorney to establish a trust that will provide the care that does not reduce Medicare coverage.

DISCLAIMER



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