

Farm Management

Protect farm, cover long-term care

LONG-TERM care insurance: “To buy, or not to buy, that is the question.” This is one of the most common questions I hear from clients when discussing farm transition and estate planning. Yes, using Shakespeare’s famous quote from Hamlet regarding life and death and adapting it to whether or not to purchase long-term care insurance



Farm & Family

By STACEY LEE

may seem a bit dramatic. However, the stakes are often very high when it comes

to planning for how to pay for the potential, future needs of nursing-home care. These concerns are elevated even further when the assets at risk include farmland or a farming operation that is used by successor generations for their livelihood.

Although health insurance covers a substantial portion of an individual’s medical expenses, health insurance does

not cover long-term care costs. Long-term care ranges from home health care services to assisted living facilities to nursing home care.

Recent studies indicate the average private room long-term care costs in Minnesota can range from \$65,000 to well above \$100,000 per year, depending on the level of care required.

Long-term care cost challenges

Many farming families are concerned that any type of extended stay in a nursing home could put their farming operation at risk. They are especially concerned when their son or daughter is involved in the farming operation. One of the primary goals in many estate plans is to do everything possible to ensure the farming operation can be passed down to the next generation. The high costs of long-term care costs could jeopardize keeping the farm in the family.

That being said, this article is not going to address the moral or ethical concerns regarding medical assistance (MA) planning. The clients I meet with have different goals, values and interpretations on transitioning assets during their lifetimes and after death, with a mindset of protecting those assets. As estate planners, we try to address the client’s goals within the legal framework that exists.

Many previous techniques to protect assets from being liquidated to pay for long-term care, or from becoming exposed to a MA recovery claim, have since been limited or eliminated by lawmakers.

For example, the advantages of deeding farmland to children and reserving a life estate to the parents were decreased in 2003. In addition, the way MA interprets irrevocable trusts in Minnesota changed in 2005. There also have been changes to the look-back period of gifting assets (which is currently set at a 60-month look-back period); when the penalty period begins for assets gifted during the look-back period; and adjustments made to the MA eligibility requirements.

Due to the increasing number of people needing long-term care benefits and the corresponding rising costs of providing that health care, legislators have been closing many of the loopholes that existed in prior years when it comes to protecting assets from MA recovery.

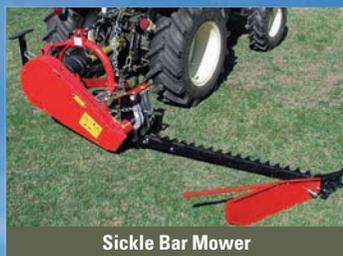
Insurance offers options

When risks to a farming operation exist, one very common way to cover those risks is to consider investing in insurance. There are a few types of insurance that may work to help reduce the exposure risk created by ever-increasing long-term care expenses, some of which include self-insurance, life insurance, long-term care insurance or a combination thereof.

Over the next few monthly articles, I plan to address these insurance options. By doing so, I hope to spark some thought over the original question posed at the beginning of this article: “To buy, or not to buy, that is the question.”

Stay tuned!

Stacey Lee is an attorney at law and CPA at Miller Legal Strategic Planning Centers PA in Tyler. Email questions and comments to MillerLegal at comments@millerlegal.com.



Sickle Bar Mower



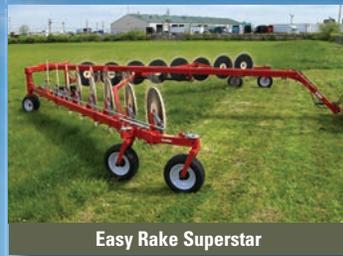
Disc Mower



Tedder



Easy Rake



Easy Rake Superstar



Bat Rake



Round Bale Carrier Model 1450



Round Bale Carrier Model 2450



Square Bale Carrier Model 4480

Visit www.farm-king.com to find a dealer near you.

Farm King