

ELDER LAW *Update*

NEWS AND IMPORTANT INFORMATION FOR SENIORS AND THEIR FAMILIES

UPDATES IN ELDER LAW FROM NOREEN MURPHY



IN THIS ISSUE:

- Updates in Elder Law From Andy and MilesPage 1
- Tax Laws Can Help Give Grandkids An Educational Head StartPage 2
- New Criteria For Alzheimer's Can Make For Early Diagnosis, Better Treatment and PlanningPage 3
- How to Help Aging Parents Manage Their Own MoneyPage 4

At Noreen Murphy, the focus is Elder Law or the preparation of seniors and their loved ones for the changes later in life. Anything from retirement planning to protecting assets to planning for unexpected incapacity or disability. Noreen Murphy has both legal and personal experience in caring for elders and will put the same compassion towards your family and their needs. With recent changes in tax laws and updates on information regarding Alzheimer's and its diagnosis, we are here to help guide you through.

Tax Laws Can Help Give Grandkids an Educational Head Start

Recent studies have suggested that student loan debt has exceeded credit card debt in the U.S., which leaves many kids with fewer options for college. Luckily, there are new tax laws in place that allow grandparents to help ease that burden. Grandparents have the option to pay tuition directly to an accredited college without the use of gift tax or gift-tax exemption. The annual gift tax exclusion allows

a gift of \$13,000 to an unlimited number of people free of tax, including educational gifts. This means that you can gift up to \$13,000 per person per year without filing a gift tax return. In addition to the annual gift tax exclusion, you can take advantage of the most popular practice of aiding in tuition costs by contributing to a 529 College Savings Plan. Grandparents can give to the plan and the account holder can withdraw without penalty, however the money in the plan will count as the student's income (for tax purposes).

New Criteria for Alzheimer's Can Make for Early Diagnosis, Better Treatment and Planning

Alzheimer's is a frightening disease not only for the person experiencing this condition but also for their loved ones who see the effects everyday. The National Institute on Aging and the Alzheimer's Association have acquired new criteria for diagnosing the disease earlier. This will allow for diagnosis prior to symptoms showing and allow for more treatment options, which may slow the onset of the disease. An

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earlier diagnosis also allows for better planning for both the elder and their families and a better future for all.

How to Help Aging Parents Manage Their Own Money

Managing your own money has long been a representation of independence and is no different for the elder today. Aging parents may not ask for help in managing their finances until it is too late. By working with your parent and dealing with the topic sensitively, both the parent and the finances are taken care of. There are several non-invasive and non-offensive actions that can be taken like

obtaining lists of important people and information in the case of an emergency and asking where important documents are kept. Keeping the lines of communication open is the best way to help.

For more information on these and all matters related to Elder Care, Noreen Murphy is there for you. By using their combined sixty plus years of experience with Elder Law, you, your family and your concerns come first. We take the time to become acquainted with our clients and their situation before finding a plan that works. Achieve a greater peace of mind for yourself and your future. Noreen Murphy have the legal knowledge to help and the human capacity to care.

TAX LAWS CAN HELP GIVE GRANDKIDS AN EDUCATIONAL HEAD START



We've recently seen a number of news stories with disturbing figures about the rising cost of college education, and the growing inability of graduates to pay off the debt they incur from student loans. In fact, recent studies reveal that student loan debt now exceeds credit card debt in the U.S.!

All of this has motivated many grandparents to find a way to help pay for their grandchildren's college education. Recent tax-law changes are making it easier for families to help pay education bills for multiple grandchildren, and even for future generations. But grandparents have to make some tough decisions first.

If your grandchildren are already in school there may be fewer tough decisions to make. These

grandparents will find it easy to pay an unlimited amount of tuition directly to an accredited school for their grandchildren's education without incurring any gift tax or using up their gift tax exemption.

Additionally, under the annual gift tax exclusion, anybody—including grandparents—can give up to \$13,000 to an unlimited number of people each year free of tax. This includes gifts for educational purposes.

Grandparents with younger grandchildren are finding that they also now have more options if they want to contribute to their grandchild's future college education. Under the Tax Relief Act of 2010, the federal gift-tax exemption increases from \$1 million to \$5 million, as does the exemption for the generation-skipping tax. This change makes it easier to pass along money for education to future generations free of taxes. But be careful, after 2012 the exemption is scheduled to revert to \$1 million again.

The only question now is how to set aside the gift until the child reaches college age?

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The most popular method right now is for the grandparent to set up or contribute to a 529 College Savings plan for their grandchild. Assets you contribute to a 529 account are no longer part of your estate; and the account owner can withdraw the assets later without penalty. However, care must be taken with 529 plans because when the assets are withdrawn they will be counted as the student's income (for tax purposes.)

Other options for savings include setting up a "pot trust," or dynasty trust, which names all of the grandchildren, including any future babies, as beneficiaries. The length of such a trust varies by state but generally can serve at least a

few generations of college students. Of course, setting up a trust with such a long intended duration means choosing a trustee who is likely to outlive you. Many grantors choose one of their own children (a parent, aunt or uncle of their grandchildren) or a trusted financial advisor, although corporate trustees (such as a bank) are also an option.

If you are interested in contributing in some way to your grandchildren's college education please contact our office—we can help you understand your options and choose the one that's best for you and your family.

NEW CRITERIA FOR ALZHEIMER'S CAN MAKE FOR EARLY DIAGNOSIS, BETTER TREATMENT AND PLANNING



Alzheimer's Disease is a devastating illness which affects families all over the country; from the adult child who fears that her father's recent forgetfulness might be a

harbinger of something more sinister, to the elderly gentleman who wonders how he will possibly pay for the care his beloved wife requires.

Over the years, the treatment received by Alzheimer's patients has depended in part on how the disease is diagnosed; this means that the new criteria for diagnosis recently unveiled by the National Institute on Aging and the Alzheimer's Association may have significant consequences for families and caregivers. These new guidelines are informed by research showing that changes in

the brain may be under way a decade before any symptoms appear, and are therefore likely to lead to increasingly early diagnoses.

One of the most significant results of these new criteria is the establishment of three distinct stages of Alzheimer's disease:

Pre-Clinical Dementia: there's some biological or structural brain evidence that the Alzheimer's process is under way, but the person is not disabled, and the family doesn't notice any problem.

Mild Cognitive Impairment: a patient or relative has problems that don't cause disability, but they are evident enough that the patient and a family member or another observer agree that it's noticeable.

And finally, **Dementia**, which includes the signs and symptoms we all already associate with Alzheimer's disease.

One of the most practical implications of these new criteria will be the early diagnosis—and thus the earlier treatment—of Alzheimer's. Although

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Alzheimer's treatments are not yet curative, there are medications that can help with the symptoms, and there is some evidence that if you optimize the treatments for other diseases that make Alzheimer's worse, like diabetes and heart disease, that increases the likelihood that Alzheimer's will not accelerate.

Perhaps of the most significance to elder law attorneys is the fact that early diagnosis can allow

families to make the legal arrangements they need before the disease progresses to the point where it is too late. If the disease can be diagnosed in the Pre-Clinical stage, or even the stage of Mild Cognitive Impairment, the person receiving the diagnosis may have the time to consult with an attorney and put their affairs in order, helping to ensure that they—and their family—are provided for in the years ahead.

HOW TO HELP AGING PARENTS MANAGE THEIR OWN MONEY



One of the most difficult aspects of caring for an elderly parent (or helping an aging parent who lives far away) is keeping one step ahead when that parent begins to lose the ability to

manage his or her own finances. Money management is an extremely private and sensitive topic for young and old alike; and for many elders, being able to take care of their own finances is an important symbol of independence and self-worth, and something that may be difficult for them to give up.

Unfortunately, an elderly parent's ability to manage their own money may cease before they are willing to ask for help. In these cases, it may be up to their children and loved ones to step in and help as best they can. What follows is a list of some non-invasive, non-offensive steps adult children and caregivers can take to help aging parents manage their finances.

- Ask for a list of important people and information you might need in case of emergency. This list would include contact information for an attorney, financial advisor, primary care physician, and insurance agent.

- Ask where your parent keeps important documents and how an executor or advisor could access those documents upon your parent's death or incapacity.
- If your parent is willing, discuss their estate plan with them, including who they have chosen as their agent or executor, and what you can do if something happens.
- Ask your parent to make a list of monthly bills, expenses and account numbers. Although your parent may not want to hand over this information right away, the list should be stored with other important estate planning documents so that it can be accessed in case of emergency.
- As you keep track of your own financial deadlines (tax filing deadlines and the like) set up reminders for your parent as well.
- Ask that your parent list you as an "emergency contact" with their utility services, this means that you would be informed if your parent's service is in danger of being terminated.
- And finally, talk to your parent as often as you can. Keeping open lines of communication is the very best way to stay informed about the abilities and well-being of your aging parent.