

Proposed Solution for Case Study

1. Jane buys house from John for \$90,000.
2. John sets up a special needs trust for Roger and funds it with \$147,000.
3. John & Jane each buy an irrevocable burial reserve for \$10,000.
4. John's car is sold to pay for his irrevocable burial reserve.
5. Jane buys annuity for \$147,000, paying \$800 per month for life.
6. Jane spends \$5,000 on a new furnace
7. The couple splits the cost of spend-down to limits (\$14,000).

	HUSBAND	WIFE
Checking	\$ 1,000.00	\$ 5,000.00
Irrevocable burial trust	\$ 10,000.00	\$ 10,000.00
House		\$ 90,000.00
Community Spouse Resource Allowance		\$ 123,600.00
IRA		\$ 100,000.00
Motor Vehicle		\$ 15,000.00
TOTAL each spouse	\$ 11,000.00	\$ 343,600.00

**\$165,000 less \$7,000 spend-down less
\$147,000 to fund special needs trust**

Total Marital Assets	\$ 354,600.00	
Amount benefitting wife	\$ 147,000.00	
Amount benefitting disabled grandchild	\$ 147,000.00	
Total Spend-down	\$ 14,000.00	
Number Months Private Pay	0	
Amount at risk to estate recovery	0	

Jane's monthly budget needs addressed?	YES
Prenuptial agreement honored?	YES
Husband have capacity?	We'll assume he does, and authorized transactions or signed a POA
Status of 1984 will?	First husband excluded by divorce. Destruction revokes will.
Estate planning documents needed?	John: POA and health care directives. Jane: New will.
Protect Jane's assets in the future?	Will should exclude husband. (Possible loss if wife dies first because of elective share.) Look into irrevocable trust for wife's future asset protection.
Veteren's benefits?	Qualify using trust. Have back-up plan if someone later needs to apply for Medicaid.
What happens if John is in end-stage medical condition?	If no capacity: Wife and John's daughter are health care representatives. If capacity, he should execute an advance directive.