



## **THE LIVING PROTECTION TRUST**

### ***YOU CANNOT AFFORD TO LOSE YOUR LIFE SAVINGS TO YOUR BIGGEST CREDITOR – A NURSING HOME!***

**Introduction:** Almost everyone who owns a home or drives a car has homeowners insurance and car insurance to protect unforeseen accidents, yet studies show that an average of only 7.0% of the people who carry automobile and homeowner's insurance file a claim each year. Only 10% of the American population has Long-Term Care Insurance which means 90% of the American population is at risk of losing their life savings because of the need for nursing home care.

***Fact:*** Over 65% of Americans who live to age 65 will need long-term care during their lifetime.

***Fact:*** As of 2010, the average cost in Missouri of a private room in a nursing home was over \$60,000 per year.

***Fact:*** You can become impoverished within one year of entering a nursing home.

### **I Thought My Revocable Living Trust Would Protect My Assets From a Nursing Home and Other Creditors.**

***WRONG!*** A Revocable Living Trust only protects your assets from probate. A Revocable Living Trust does not protect your assets from nursing home and other long-term care expenses during your life (or from any other creditor of yours). Because you always have the right to revoke your Living Trust and get the assets back from the trust, ANY creditor of yours can reach the assets of your Revocable Living Trust to satisfy their claim.

Bottom Line: A Revocable Living Trust provides ZERO protection against any creditor of yours during your lifetime.

### **WHAT IS THE SOLUTION?**

A specially designed trust called "*THE LIVING PROTECTION TRUST*" which operates similar to your Revocable Living Trust but is specifically designed to protect your assets from probate AND nursing home expenses, auto claims, and other potential lawsuits and creditors.

***What is Unique About the Living Protection Trust?*** The Living Protection Trust is the only trust that allows you to retain an interest in the trust while protecting the assets of the trust from being counted by Medicaid (MO HealthNet).

***What Assets Typically Go Into the Living Protection Trust?*** Typically your home, rental property, investment accounts (other than retirement plan accounts), life insurance and bank accounts.

**What Are The Tax Implications of Living Protection Trust?** None. For tax purposes, the trust is ignored and all of assets in the trust are taxed to you just like they are now. The trust will have no effect on your income tax, estate tax or gift tax. If the trust sells your home, you will still get the capital gains tax exclusion (\$250,000 for single individuals and \$500k for married couples).

**Here is How the Living Protection Trust Works** The Living Protection Trust is an irrevocable trust that you create during your lifetime, allows you to receive all of the income from the assets of the trust and the right to live in any real estate you transfer to the trust. In order to protect the trust assets from Medicaid and other creditors, you cannot have direct access to the trust principal, otherwise the trust assets would be “countable” assets for Medicaid eligibility purposes and would be subject to Medicaid and other creditor claims. Please see the diagram below for a more comprehensive explanation.

**UNPROTECTED**



YOU:



*You receive all of the income, dividends and interest from the Trust.*



You have full use of the real estate.



Assets Can Be Distributed to Your Children Who Can Return them to you.



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