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Special needs require special lawyers.

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NEGATIVE INHERITANCE

A column on Condé Nast's Portfolio.com addresses the concept of "negative inheritance." Economists use this term to describe the situation where any gifts or bequests that children otherwise might receive from their aging parents are outstripped by the costs to the children for caring for their parents. Negative inheritances can destroy a child's retirement and financial plans. For example, if a child had planned to withdraw a small percentage from the child's portfolio each year to support the child's lifestyle, but now must increase that percentage by fifty percent to take care of aging parents, then the child's financial plan won't work. As a result, financial advisors have developed detailed strategies for dealing with these risks. These strategies include family dialogue, long-term care insurance, and active management of the parents' assets.

The most critical element in avoiding negative inheritances is proactive family discussion. The family dynamics may be difficult, but if the family does not discuss possible scenarios in advance, then the caregiving inevitably falls to one child. This can cause tension and resentment and can damage the family. If the children to whom this responsibility will fall are reluctant to bring up the subject with their siblings, then they may want to start by discussing what will happen when the parents can no longer drive.

Financial advisers and elder law attorneys often ask their clients for permission to talk with their aging parents to review the status of their assets, and to determine what plans the parents may have in place for their long-term care. The financial advisor can then run a series of projections to see if the parents' assets will be sufficient for their care. If the funds will not be sufficient, then purchasing long-term care insurance might be a solution, even if the children pay the premiums. Purchasing a policy that covers half of the cost of in-home, assisted living, or nursing home care is better than having no insurance at all.

If the parents cannot qualify for long-term care insurance because of their age or medical conditions, then it is essential to actively manage the parents' assets. This may include dealing with the family home; often people are

house-rich and cash-poor. Obviously, selling the family home in order to provide funds for care or to diversify assets can be stressful for all concerned. Sometimes, however, it is the inevitable option.

Studies show that middle-aged caregivers can suffer emotionally and vocationally, as well as financially. Some baby boomers will work at paying jobs in retirement so they can care for their parents. The caregiving workload can increase from an average of five hours per week to forty hours per week when the parent suffers from Alzheimer's disease or severe dementia. The caregiver has less time to spend with peers and operates on much less sleep. This emotional toll does not appear on a balance sheet, but it is real.

The attorneys at Oast & Hook can assist clients and their families with their estate, long-term care, financial and insurance planning.

Ask Allie

O&H: Allie, you've been an indoor cat since you joined the Oast & Hook family. Please tell us why it may be better for cats to stay inside.

Allie: Sure! The Humane Society of the United States estimates that the life span of the typical free-roaming cat is less than three years. On the other hand, cats that live only indoors can have life spans of 15 to 18 years or more. Many people want to let their cats outside on a part-time or full-time basis, because they think it is cruel to deprive them of time outdoors. Indoor-only cats, however, have a lower risk of being exposed to toxins, such as antifreeze, fertilizer, and rat poison, and they are also not subject to pranks. In major cities, outdoor cats are more at risk of being hit by a car, while in the country they are more at risk for attacks from predators. An indoor cat is also less likely to be exposed to contagious diseases. You can satisfy your cat's basic needs to scratch, climb, hunt, roam, and explore while your cat is safely indoors. Scratching posts, perches, sunny windows, and toys can help keep your cat healthy and occupied. Regardless of whether your cat is indoors or outdoors, it's also important to keep your cat's vaccinations up-to-date, stay current on flea and tick control, identify your cat with tags and/or a microchip, and spay or neuter your cat. If you want your cat to have some time outdoors, you may want to keep your cat from roaming freely by training your cat to walk on a leash and harness, or have a free-standing enclosed area for your cat. Speaking of a sunny window, it's time to find my favorite spot for a nap. See you next week!

Announcement

Oast & Hook attorney Brian Boys will speak at the monthly meeting of the Norfolk Retired Employees Association from 10:30 a.m. to 11:00 a.m., Friday, June 25th at the Titustown Recreation Center, 7545 Diven Street, Norfolk, Virginia 23505. For more information on this organization, please visit www.norfolk.gov/retirees.

Distribution of This Newsletter

Oast & Hook encourages you to share this newsletter with anyone who is interested in issues pertaining to the elderly, the disabled and their advocates. The information in this newsletter may be copied and distributed, without charge and without permission, but with appropriate citation to Oast & Hook, P.C. If you are interested in a free subscription to the *Oast & Hook News*, then please e-mail us at mail@oasthook.com, telephone us at 757-399-7506, or fax us at 757-397-1267.

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