



The Jordan Journals

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Jordan Balkema Elder Law Center

Welcome back!

It's been awhile since our last newsletter and we are excited once again, to reach out to the communities in which we serve!

Please enjoy this newsletter that is intended to inform, share, review and remind you of your personal goals concerning your estate plan.

It's that time of year again! Time to review your estate plan. Every Spring, or after any life changing event, we recommend to our clients that they review their estate plan. If you have questions concerning your estate plan, please call for an appointment.

One Time Payment from Social Security

As part of the American Recovery and Reinvestment Act, the Social Security Administration will be distributing an extra benefit of \$250.00 in May 2009 to all those individuals receiving social security benefits who are not receiving Medicaid.

This is above and beyond your normal monthly social security benefit; this extra payment will be delivered in the same manner as your social security benefit.

Are You Paying Tax On Your Social Security?



Attorney Peter A. Jordan

As April 15th approaches, some may be concerned with their income tax burden. Although Social Security benefits are generally not taxable, people with income in addition to their Social Security may pay taxes on their benefits.

If you file a federal tax return as an individual and your "combined income," including Social Security benefits and nontaxable interest income is between \$25,000 and \$34,000, 50 percent of your Social Security benefits will be considered taxable. If your combined income is above \$34,000, 85 percent of your Social Security benefits is subject to income tax.

If you file a joint return and you and your spouse have a combined income between \$32,000 and \$44,000, 50 percent of your benefits will be subject to tax. If your combined income is more than \$44,000, 85 percent of your Social Security benefit is subject to income tax.

Check line 20B on your Federal Tax Return to determine the amount of your Social Security benefit that is subject to taxation. Options are available to individuals paying income tax on the Social Security to either eliminate or reduce their tax burden. If you would like learn about those options, please call and schedule an appointment with Peter Jordan.

How Long To Keep Financial Records



*Attorney Mara Raven
Spence*

Are you running out of storage space for all of your financial records? Below is a summary of some recommended guidelines on just how long you should store important documents.

TAXES: Seven years. The IRS has three years from your filing date to audit your return. Likewise, if you discover a mistake on your return and wish to file an amended return, you may do so within the three-year deadline. However, if the IRS suspects you underreported your gross

income by 25 percent or more, they have six years to audit your return. Never fear, there is no deadline the IRS must meet if you failed to file your return or filed a fraudulent return.

IRA CONTRIBUTIONS: Indefinitely. If you made a nondeductible contribution to an IRA, keep the records indefinitely to prove that you already paid tax on this money when you withdraw the funds.

RETIREMENT/SAVINGS PLAN STATEMENTS: Indefinitely. Keep the quarterly statements until you receive your annual summary; keep the annual summaries until you retire or close the account.

BANK RECORDS: Indefinitely. You may shred checks that have no long-term importance. However, you should keep any checks related to your taxes, business expenses,

and housing and mortgage payments.

BROKERAGE STATEMENTS: Until you sell. You will need the purchase slips from your brokerage or mutual fund to prove whether you have capital gains or losses at tax time. Keep the records until you sell the securities.

BILLS: From one year to permanently. In most cases, when you receive the canceled check, the bill can be tossed. However, you should keep bills for big purchases (jewelry, appliances, cars, collectibles, and so on) for proof of their value in the event of loss or damage.

CREDIT CARD RECEIPTS AND STATEMENTS: From 45 days to seven years. Once you have received credit on your statement for your payment, you can shred past bills. However, if your charges are tax-related expenses, you should keep the records for seven years.

PAYCHECK STUBS: One year. If your W-2 form matches your stubs, you can toss your stubs.

HOUSE RECORDS: Six years after sale. Keep records of expenses incurred in selling and buying the property, such as legal fees and your real estate agent's commission, for six years after you sell your home. Keep all records documenting the purchase price and the cost of all permanent improvements ~ such as remodeling, additions and installations. Your accountant may need this information at the time of a sale to determine any capital gain or loss.

UTILITY BILLS: One month. Like credit cards, once you receive proof of your payment, you may discard the previous month's bill. However, if you are deducting your phone or electricity charges as home-office expenses, you should keep these along with your other tax records.

Estate Recovery: Is It The Law?



Attorney Todd Balkema

The Federal Government mandated that every state enact a program to be repaid for the Medicaid benefits paid on behalf of an individual. The program is commonly known as 'Estate Recovery'. Medicaid is a Federal program that may assist a patient in paying for the cost and expenses associated with nursing home care.

Michigan enacted it's own form of estate recovery in September 2007. Michigan's estate recovery program provides that the state would be repaid from a Medicaid recipient's probate estate for Medicaid benefits provided.

The Federal government was required to approve each state's estate recovery program prior to the program implementation. The Federal government did not approve Michigan's program. Currently, Michigan is the only state that does not have an implemented estate recovery program.

Michigan's budgetary crisis would seem to dictate that some type of estate recovery program would be implemented. Based on the current law, we recommend to our Medicaid clients that they contact our office to review their options for protecting their assets from Michigan's estate recovery program.

2009 Client Appreciation Luncheons

Our seasonal seminars and presentations are back in full swing. We begin with our much anticipated and ever popular - annual **Client Appreciation Luncheons!**

We enjoy showing our appreciation for your business, to **you – our clients!!**

We will be providing the following free luncheons. If you are unable to make the location nearest you, please feel free to sign up for another location!

Please remember to call ahead for reservations - (800-395-4347) Due to the popularity of these luncheons, reservations are required. Hope to see you there!

Big Rapids - Falcon Head Golf Course on Weds, May 13th

Traverse City - Boone's Long Lake Inn on Weds, June 10th

Cadillac - *date and location to be announced

Houghton Lake - *date and location to be announced

Gaylord - *date and location to be announced

Ludington - *date and location to be announced

Presentation & Seminar Events

Monthly Presentations

Beginning in February, the Mecosta County Senior Center, also known as Mecosta County Commission on Aging is offering free monthly informative seminars presented by Attorney Todd Balkema. Typically they fall on the 2nd Tuesday of the month. This is open to anyone who wishes to attend! Please visit our website, call our office or Mecosta Co. Senior Center (231-972-2884) for dates.

Senior Enrichment/Expo Days

Through the years, the Jordan Balkema Elder Law Center has continually participated in Senior Enrichment Days. These are expo events where area businesses provide information aimed at serving seniors. This year's events are to be held on the following dates:

Mecosta County - Big Rapids - Wednesday, June 17th - '20th Annual Senior Enrichment Day' - Big Rapids High School

Grand Traverse County - Traverse City - Wednesday, May 20th - 'Ideas for Life Senior Expo' - Grand Traverse County Civic Center (www.tcseniorexpo.org)

Leelanau County - Suttons Bay - Tuesday, June 16th - '18th Annual Senior Expo' - Suttons Bay High School

Other Presentations

Hospice of Michigan - March 25th in Fremont & December 10th in White Cloud (call our office or view our website for location information)

Retired Michigan Association of Retired School Personnel

(Roscommon Chapter) June, 2009. *date & location to be announced

In these fast and changing times, we have found our internet website to be a great tool to pass on information. Please check our website (www.myelderlawplanning.com) under 'MEETINGS - Upcoming Events' to learn about other seminars and presentations that may be scheduled in the future.

If you are part of an organization that would like to use our presentation services, please contact our office.

Return Service Requested

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The Jordan Journals content is general in nature and not intended to replace legal or accounting advice.

COMMITTED TO
SERVING
SENIORS,
FAMILIES AND
BUSINESSES
FOR OVER
30 YEARS

Estate Planning
Medicaid Planning
Long Term Care
Planning
Trust Administration
Probate Estate
Guardian &
Conservatorship

218 Maple St.
Ste. A
Big Rapids, MI 49307
231.796.4012

&

1020 Hastings St.
Ste. 105
Traverse City, MI 49686
231.935.4646

Medicaid Annual Application: Hidden Traps for the Unprepared

Attorney Todd Balkema,
Paralegal Marcia Cebulla

Each year, a Medicaid recipient must file a new application for Medicaid benefits with the Department of Human Services (DHS) within roughly one month of the date they initially received Medicaid benefits. DHS will generally request the applicant provide the following information:

- A. Applicant's income and their spouse's income, if married (social security benefit and pension income)
- B. Proof of applicant's assets with their values.
- C. Applicant's medical insurance coverage with monthly costs.
- D. Spouse's monthly household expenses.

The annual application process can be easier and less stressful if an applicant and his/her family does a little preparation work by obtaining the aforementioned documentation. Even with preparation, the annual application can be filled with hidden traps for those unprepared; a few of the hidden traps are:

1. The DHS notice usually requires that the annual application and document request

be filed with DHS with a specified time required. This time period can be as little as 10 days.

2. After Medicaid eligibility, a married couple must transfer all countable assets from Medicaid recipient to the community spouse prior to the first annual Medicaid application.
3. Married couple commingled assets between the spouses;
4. The Medicaid recipient has countable assets over \$2,000;
5. Applicant's annuity fails to provide the State of Michigan as the primary beneficiary
6. Applicant has not remained current on the ever-changing Medicaid laws.

Any one of these traps, and others, may cause DHS to deny the applicant Medicaid benefits. There have been significant changes in Medicaid laws that may impact the applicant and their families. If you or someone you know has received an annual Medicaid application and are concerned with the process, please contact our office to review the current application requirements.