

Michigan lady bird deed Medicade

Using the Lady Bird Deed as an Estate Planning Strategy

Under Medicaid guidelines, an applicant is only eligible upon a showing of true financial need. In other words, the applicant has no personal assets to sell in order to pay for medical benefits, and has essentially met the “needs-based” guidelines set forth by state and federal authorities.

While financial need is the hallmark of eligibility, applicants are not expected to be without shelter in order to qualify. Accordingly, an applicant’s primary personal residence is generally not “counted” against him or her for purposes of receiving benefits. However, any other residence (i.e., second home or investment property) must be disposed of for market value prior to the five-year look-back period in order to avoid penalties. If an applicant transferred property to a friend or loved one and retained a traditional life estate, this transfer will likely result in penalties when the party with the life estate applies for Medicaid benefits. However, if the life estate is under the terms of a lady bird deed, Medicaid views the property as under the control of the applicant, and will consider the property as a primary residence.

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