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Enjoy this edition of the Personal Planning newsletter. We strive to be a continuing source of education for our clients and remain at the forefront of any new developments in the law.

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## Estate Recovery Comes to Michigan

By: Tara L. Velting

On September 30, 2007, facing a budget crisis and a possible government shutdown, Governor Granholm signed estate recovery into law requiring Michigan to

recover its Medicaid costs against a recipient's estate at death. Until then, Michigan was the last holdout from the federal government's requirement that states adopt estate recovery programs. What does this mean for Michigan citizens?

If a Michigan citizen receives Medicaid benefits, the government now has the right to recover the amount of the benefits paid against the citizen's estate at his/her death. Essentially, the citizen has to pay the government back up to the amount the government spent on the citizen's care. Consequently, the assets that you wanted to go to your children at your death, might now have to be sold to repay the State.

What can you do to protect yourself and your assets? The good news is that with appropriate estate planning, you can protect your home (and possibly other assets) for your children. While everyone's circumstances are different, having a simple Will is not enough to protect your estate from estate recovery. An estate plan that is designed to avoid estate recovery might require a living trust and/or changes in various beneficiary designations. For those who already have a living trust, you need to be sure that it is properly funded (i.e., all appropriate assets are in the trust).

As with any law, there are certain exemptions that are intended to soften the effect of estate recovery. For example, the State may not recover against the home while the spouse of the Medicaid recipient is still living there. Additionally, if there is no surviving spouse or other applicable exemptions, there is still a homestead exemption for up to 50% of the average price of a home in the county of residence. These, and other exemptions, have to be analyzed on a case by case basis to determine what any individual needs to do to avoid, or at least minimize, the effect that estate recovery would have on their estate.

Since the estate recovery legislation has been signed into law, even though there are many enforcement details to yet be worked out to get final federal government approval, now is the time to act. To learn how you can protect your home and estate from estate recovery, please call one of the attorneys of our Estate Planning & Settlement Group about your planning options. Protecting your estate from the consequences of this new law requires thoughtful analysis of your entire estate plan, which is the specific roll of our Estate Planning Attorneys.

## Educational Seminars

Allow Garan Lucow Miller, P.C. to take the mystery out of estate planning through a FREE educational seminar presented by a member of our Estate Planning & Settlement Group. To schedule a FREE seminar, contact the Estate Planning & Settlement Group director, Thomas Doyle, today at 1-800-910-0300 or email him at [tdoyle@garanlucow.com](mailto:tdoyle@garanlucow.com)