

# Estate Planning Essentials & Fundamentals

Today you'll learn:

- Key elements every Estate Plan must have
- Introduction to Special Needs Trusts
- Medicaid Protection through Irrevocable Trusts
- Common mistakes attorneys make—and how to avoid them
- How to price and package your services confidently
- Note: I'm assuming you know basic trust planning





# Why Estate Planning Matters

- Protects clients' families and assets
- Ensures wishes are legally honored
- Reduces conflict and stress among heirs
- Can preserve assets against long-term care costs
- Builds a lifelong relationship with clients and their families

# Foundation of Every Good Estate Plan

## Essentials of a Solid Estate Plan

### Checklist:

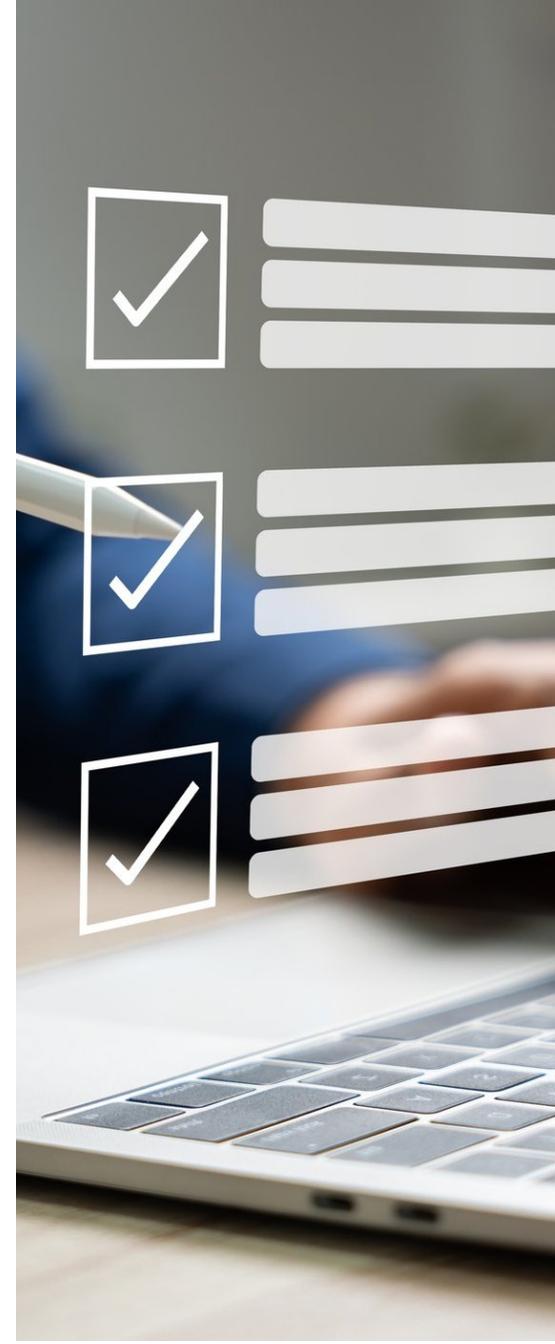
Last Will and Testament

Durable Power of Attorney ( Financial)

Healthcare Power of Attorney / Advance Directive

Revocable Living Trust (optional but powerful)

Asset Inventory and Titling Review





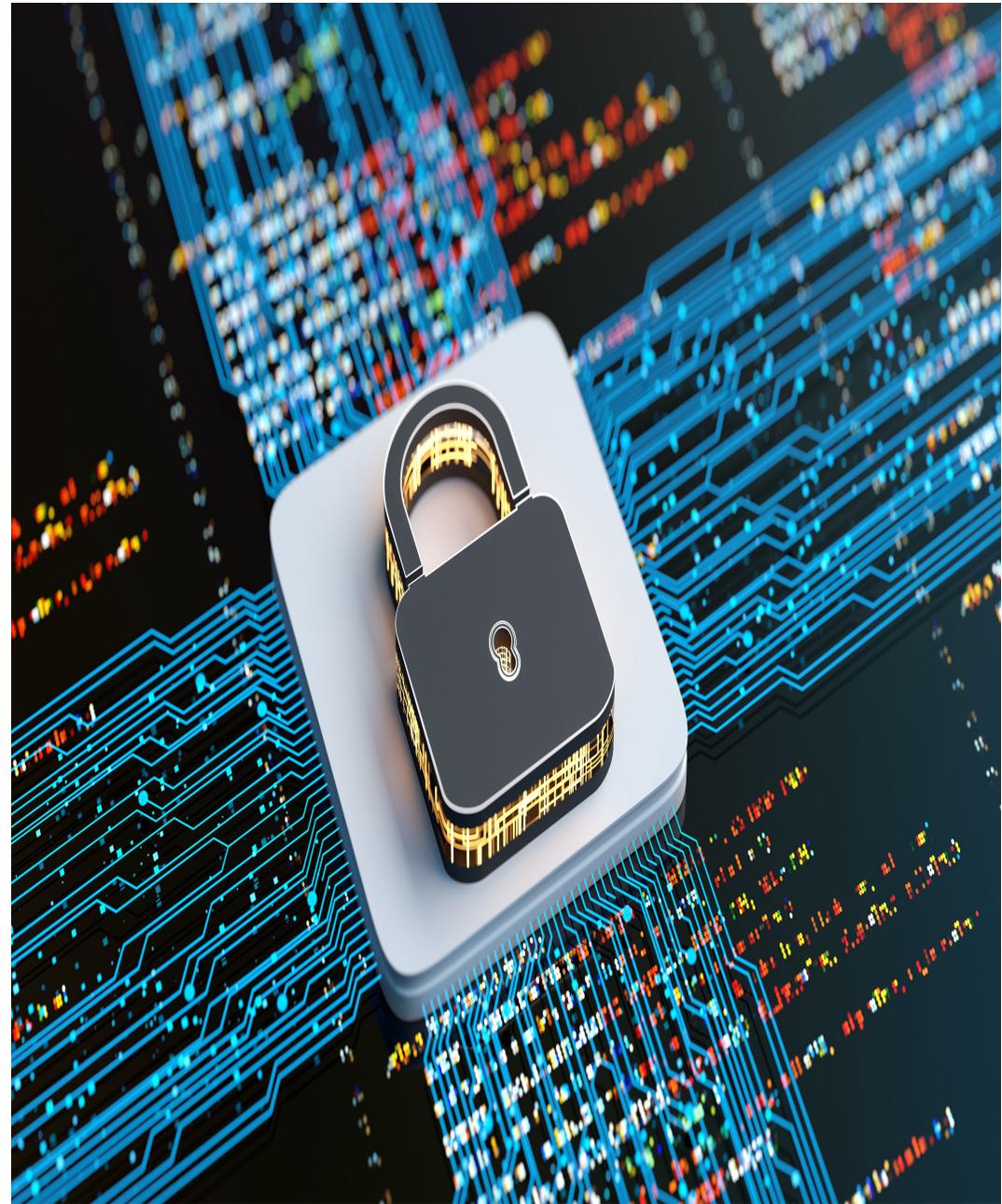
# What You MUST Know from Every Client

## Checklist:

- Who will make decisions for them if incapacitated?
- Who will inherit their assets— and how?
- Are there vulnerable beneficiaries (special needs, addiction, bad marriages)?
- Are long-term care costs a concern?
- What do they own, and how is it titled?

# Using Irrevocable Trusts for Asset Protection

- Protects family assets from nursing home spend-down
- Removes assets from client's "countable resources"
- Enables Medicaid qualification without full asset depletion



# Elements of a Strong Medicaid Trust

## Checklist:

- Irrevocable (cannot be undone by client)
- No access to principal (and income) by the Grantor
- Carefully controlled beneficiary access
- Properly titled assets (retitling critical!)



# The Irrevocable Asset Protection Trust IAPT

# Purpose:

- Protects assets from Medicaid spend-down
- Still a grantor trust → included in grantor's estate for step-up in basis at death
- Allows capital gains exclusion if sold before death
- Useful for preserving legacy assets for heirs



# Key Features:

- Irrevocable: Grantor cannot take assets back
- Assets not countable for Medicaid and a non-issue after 5-year lookback
- Retains favorable tax treatment compared to non-grantor irrevocable trusts



## Common Misunderstanding

Myth: “Every client should have an Irrevocable Asset Protection Trust.” Reality:

- This is not a “one-size-fits-all” tool
- Requires the client to have:
  - Enough assets outside the trust to privately pay for care for at least 5 years
  - A clear asset to protect that is worth the trade-off in control
- Overuse can leave clients cash poor and vulnerable

# When the IAPT is NOT a Good Fit

- Low to moderate net worth and no major asset to protect
- Client cannot afford 5 years of private care costs without Medicaid
- Client is likely to need Medicaid sooner rather than later
- Client needs flexibility and access to principal
- No sentimental or irreplaceable property that must be preserved



# When the IAPT IS a Good Fit

Higher net worth clients who can:

- Keep enough liquid assets outside trust to cover 5 years of care
- Fund the trust with valuable assets they want shielded

Special property the family wants to keep long-term:

- Old family farm
- Vacation property
- Income-producing real estate

Particularly valuable when grantor no longer lives in the home and it becomes a countable asset for Medicaid



## Special Case: The Old Family Farm

- Sentimental and financial value → worth preserving for future generations
- Transfer to IAPT protects it and a non-issue after 5-year lookback
- Family must be prepared:
  - Grantor won't qualify for Medicaid for 5 years
  - Private funds will need to cover care during that period
- Powerful strategy for legacy asset protection when property is non-residential for the grantor

# The 5 Year Lookback Reality Check

Transfer to IAPT starts the 5 year penalty period

- During this time:
  - No Medicaid eligibility if care is needed (depends on amount put into the trust, obviously)
  - Must rely on personal funds or family resources

Critical to run financial projections before recommending the trust

Poor fit if the client's health is already declining

How to  
Decide???

1. Does the client have a valuable asset they want to keep long-term?

- No → Probably not an IAPT case
- Yes → Proceed to Step 2

2. Can  
they afford to  
be ineligible  
for Medicaid  
for 5  
years?

- No → Avoid IAPT
- Yes → Proceed to Step 3

3. Are they  
comfortable  
giving up  
control of that  
asset?

- No → Avoid IAPT
- Yes → IAPT may be appropriate

# Final Takeaways

- The IAPT is powerful — but only for the right client profile
- Do financial stress-testing before recommending
- Always explain the 5-year Medicaid ineligibility
- Reserve for:
  - Higher-net-worth clients with legacy assets
  - Families committed to keeping special property
  - Avoid using as a default estate planning tool



# What to Place Inside a Medicaid Trust

- Primary residence (with life estate or retained rights)
- Investments (stocks, bonds, brokerage accounts)
- Savings accounts (with careful liquidity planning)
- Life insurance (cash value policies)



# Medicaid's 5 Year Lookback Rule

- Transfers into an Irrevocable Trust trigger the 5-year penalty window
- Planning early = maximum protection
- Educate clients on urgency to act!





# Common Trust Structuring Mistakes

## Checklist:

- Retaining too much control over assets
- Wrong titling of real estate and accounts
- Improper beneficiary structure
- Poor drafting that invites Medicaid scrutiny

# Top Mistakes Attorneys Make

## Checklist:

- Over-relying on simple wills
- Ignoring Medicaid and long-term care issues
- Not educating clients about asset protection
- Failing to coordinate with financial advisors
- Poor or outdated document drafting

# Client Expectations vs. Attorney Delivery

## Bridging the Gap

- Clients expect protection, not just documents
- Focus on outcomes, not just forms
- Build relationships, not transactions



# Why a Tiered Trust Pricing Model?

- Meets clients where they are financially and in complexity.
- Gives clients clear options—no pressure selling.
- Encourages upgrades through added value (not scare tactics).
- Ensures profitability while serving diverse client needs.

Flexible Pricing =  
Better Client Fit



# Our 4 Tier Trust Pricing Model

## The 4 Levels of Trust Planning

- Tier 1 Basic Online-Style Trust
- Tier 2 Basic Custom Trust (No Follow-up)
- Tier 3 Comprehensive Trust with Follow-up & Trustworthy
- Tier 4 Complex Distribution Trust with Extended Support

keep  
it  
simple

# Tier 1 Basic Trust Package

- Ideal for simple estate plans needing minimal guidance.
- Similar to online DIY trusts—but we draft, oversee, and execute it properly.
- No special distribution provisions beyond basic “testamentary trust” gifts.
- Price: Under \$2,000
- Fast and affordable with professional responsibility.
- We've never sold one of these.

# Tier 2 Custom Simple Trust (No Ongoing Support)

- Allows custom specific distributions (ex: staggered distributions at ages 25/30/35 .
- NO post-signing follow-up — any changes later = additional fees.
- No access to Trustworthy (digital document platform).
- Designed for cost-conscious clients wanting a little more customization.

# Tier 3 Comprehensive Planning with Follow-up

- For clients with moderate complexity who want guidance after execution.
- Includes:
  - One year of unlimited simple updates/changes
  - 20% discount on future trusts or amendments
  - 1 Year subscription to Trustworthy (online doc management)
  - Builds a lasting relationship beyond the signing meeting.

# Tier 4 Advanced Planning with 3 Years of Support

- For high-net-worth or complicated distribution plans (ex: blended families, special needs, dynasty trusts).
- Includes:
  - Extensive distribution structuring and custom clauses
  - 30% discount on future trust work
  - 3 years of unlimited support for simple amendments
  - 3 years of Trustworthy subscription
  - Provides ongoing access, peace of mind, and premium service.

# Which Tier Fits Your Clients Best?

Feature	Tier 1	Tier 2	Tier 3	Tier 4
Basic Trust	✓	✓	✓	✓
Custom Distributions	✗	✓	✓	✓
Follow-Up Support	✗	✗	1 Year	3 Years
Trustworthy Subscription	✗	✗	1 Year	3 Years
Future Trust Discount	✗	✗	20%	30%
Complex Planning	✗	✗	Limited	Extensive

# Benefits of Tiered Pricing for Your Firm

- Clients appreciate transparency and options.
- Protects your time by charging appropriately for complexity.
- Encourages relationship-building and ongoing revenue streams.
- Creates up-sell opportunities at the time of initial engagement or in the future.



# How We Explain Tiers to Clients

- “You're in full control—choose the level of planning that fits your needs today.”
- “If your situation evolves, we're here with support options already built in.”
- “Protect your future self by choosing the right plan now.”

# Estate Planning Essentials

## — Key Takeaways

- ✓ Every client deserves a custom-fit plan.
- ✓ Special Needs Trusts and Irrevocable Trusts are powerful tools.
- ✓ Avoid common mistakes and always think Medicaid Protection.
- ✓ Tiered Pricing gives clients choices—and protects your time and profitability.

Questions???