

Estate & Elder Law Report

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\$5 million exempt from Federal Death Tax

It came as a surprise to us and many others around the country that Congress and President Obama came to an agreement on the federal estate tax exclusion amount, which was set to return to the pre-2001 limit of \$1 million, was set at \$5 million per person. A married couple can, for the

next two years pass \$10 million on to their beneficiaries free from the federal estate tax.

Another big change is that the \$5 million amount exempt from the estate tax is also exempt from the federal gift tax (which was previously at \$1 million).

The tax rate for both gifts and estates is now 35% rather than 55%.

This new provision is set to expire on December 31, 2012, at which time the estate tax returns to \$1 million.

It is estimated that less than .01% of all families in the United States will be subject to this tax in 2011-12. We'll keep watching this and let you know about changes as they happen.

Tom presents to PBA delegates

Tom recently presented a resolution in support of strengthening the law governing Powers of Attorney (POA) to the House of Delegates of the Pennsylvania Bar

Association (PBA). The PBA voted unanimously to support the proposed changes, which would ensure POAs are done uniformly throughout the state. The new law would help protect seniors by

requiring that all POAs be notarized and have two witnesses present when being signed. We'll keep you posted as this bill works its way through the Legislature.

INCOME TAX TIP FOR CAREGIVERS

If you are providing support for an aging family member you, as a caregiver, may be entitled to claim the relative as a dependant.

To qualify as a dependant your relative (parent, sibling, step-relatives, in-laws) can have no more than \$3,650 of income in

2010, which includes pensions, Social Security or other income from investment ac-

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Serving clients in Franklin, Fulton, Adams, Bedford and Cumberland counties.

NURSING HOME CARE JARGON

**Spousal
Impoverishment
Laws and
regulations
which provide for
the protection of
income and
resources for a
community
spouse when
determining the
eligibility of an
institutionalized
spouse receiving
medical
assistance
nursing facility
services.**

The Family Heritage Trust Company

In this edition of the newsletter, I thought I would take the opportunity to share information regarding The Family Heritage Trust Company, where I sit on the Board of Directors.

The Family Heritage Trust Company was created with the intent of providing a high quality fiduciary service money management for individuals with disabilities, or a limited time or capacity to manage

their affairs.

One of the most frustrating things for me and other members of the Board (who include some of the most well respected attorneys and CPAs in the tri-state community) is finding a high quality fiduciary in order to protect and manage assets for families, especially when they do not own substantial assets.

**Check out our newly
redesigned website at
www.rthomasmurphy.com**

Unfortunately, many of the banks and trust companies in our area will not handle smaller amounts, which in some cases may be anything less than \$1 million, because the cost of doing so would be prohibitive. The Family Heritage Trust Company has no minimum investment amount and the fees can be customized to the individual client to ensure that, despite not having millions of dollars of investable assets, that they still

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Kim Bock New Estate Paralegal

Kim Bock has recently joined R. Thomas Murphy & Associates, P.C. as an Estate Administration Paralegal.

She is a graduate of the Chambersburg Area Senior High School. She has an Associates Degree in the Legal Assistant Program

from Hagerstown Business College and a Bachelor of Science in Business Education from Shippensburg University.

Kim has been employed for many years at several local law firms as an estate and real estate para-

legal. Immediately prior to coming to our firm Kim was employed by the Court of Common Pleas – 39th Judicial District as a judicial assistant.

Kim lives in Chambersburg with her husband and two children.

Document Retention

We are often asked, "How long should I retain my financial records?" Below is a quick reference for how long documents should be retained:

- Bank statements - 4 years
- Capital stock records - permanently
- Contracts, mortgages, notes, and leases (expired) - 7 years
- Deeds, mortgages, and bills of sale - permanently
- Insurance records, claims and policies - permanently
- Property appraisals - permanently
- Retirement and pension records - permanently
- Tax returns with supporting documentation - permanently

If in doubt of how long to keep a document—seven (7) years is a good rule of thumb

INCOME TAX TIP FOR CAREGIVERS

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counts. To qualify you would have needed to provide for over 50% of the support for your relative.

You may also be eligible to deduct medical

expenses either paid by yourself, your spouse or your dependent relative.

In order to deduct medical expenses they must equal more than 7.5% of your adjusted gross income (AGI).

Expenses that could qualify include: home im-

provements, such as bars or ramps; glasses, dental care, hearing aids; doctor, lab or drug cost and fees; insurance premiums, including Medicare; care facility or nursing home costs; and car mileage related to medical care (16.5 cents/mile).

You should consult your tax professional to determine whether your particular situation would qualify for these deductions and exemptions.

Thanks to LIFE Lutheran Services for sponsoring the below website which provides excellent information and options for caregivers in Franklin county.
www.keepmomathome.org/franklin

True or False:

A widow(er) who is admitted to a nursing home is prohibited (by the 60 month Medicaid "look back" rule) from gifting any of his/her assets to children?

False

In fact—

Assets preservation often includes some gifting after a nursing home admission. All gifts within five-years must be reported.

Contact
R. Thomas Murphy & Associates
 to learn more.

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We Are on the Web!
www.rthomasmurphy.com

As part of our commitment to the Community, our staff provides presentations and trainings to local civic, church and professional groups on a variety of Long Term Care, Estate Planning, and Asset Protection topics.

The Family Heritage Trust Company— continued

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receive world-class investment advice and fiduciary money management.

Since so many of the other banks and trust companies rely upon their own in-house investment advisors, we feel the quality of that advice may be standard. The Board of Directors investigated and retained what has now become the

world's leading investment manager, Dimensional Fund Advisors.

Most recently, the Dimensional Fund Advisors group was ranked as the number one money manager in the world by Barron's Magazine and the Lipper's rating service.

This means that, of all the money managers in the entire world, including all the big names such as Van-

guard and Fidelity, etc., the DFA group was the world's best. Therefore, I feel absolutely confident that the Board made an excellent decision by placing our clients' monies in the hands of true professionals who are looking at the well-being of our clients.

If you have any questions, please feel free to contact me.

— Tom Murphy