

# Gift & Medicaid Compliant Annuity Case Study

## for a Single Person



### The Problem

Rita's children recently moved her into a nursing home after they could no longer care for her at home, and they're worried about covering the \$9,500 monthly bill.

Unfortunately, since a single person is only allowed to keep a very small amount of assets, Rita has \$165,000 in excess assets preventing her from qualifying for Medicaid benefits.

### The Solution

Rita's children work with an elder law attorney, who helps them use the Gift/Medicaid Compliant Annuity (MCA) plan to accelerate Rita's Medicaid eligibility and create a wealth transfer. As part of the plan, Rita gifts \$93,900 of her savings to her children. This will result in a penalty period of Medicaid ineligibility for 10 months. Rita then uses her remaining at-risk assets to purchase an MCA that will help her supplement her income to pay for care during the penalty period.

### The Results

After the penalty period expires, the annuity terminates, and Rita qualifies for Medicaid benefits while saving over 50% of her assets at risk. Not only is Rita able to qualify for benefits faster than if she had done nothing, but she also creates an immediate and guaranteed wealth transfer to her family.

**Cost of Care:** \$9,500/mo.  
**Assets at Risk:** \$165,000  
**Rita's Income:** \$2,200/mo.

**Annuity Premium:** \$71,100  
**Contract Term:** 10 months  
**Monthly Payment to Rita:** \$7,120

- ✓ Over 50% savings in most cases
- ✓ Qualify faster than doing nothing
- ✓ Ensures wealth transfer to heirs



For more information about using a Medicaid Compliant Annuity, talk to your attorney.



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