

FINANCIAL INSIGHTS

Own Nothing, Control Everything – What is an Asset Protection Trust?

If you have a high net worth, you may already know that considering an Asset Protection Trust is worth your while. But not only the super wealthy should be considering this estate planning vehicle. If you have creditor or litigation exposure and substantial home equity, retirement funds, or business assets, you could be at risk of exposing your assets to these outside claims.

Michigan law currently allows the use of Asset Protection Trusts, whereby the creator of the Trust, known as the “transferor,” holds assets beyond the reach of creditors. This irrevocable trust names an individual or corporate trustee to distribute assets to named beneficiaries, while those assets remain protected from outside claims. How so? Simply put, a creditor or a litigant cannot become the beneficiary of those assets within the Trust.

Individuals with higher net worth or those with higher risk of creditor exposure commonly use Asset Protection Trusts. Professionals, who are subject to liability for malpractice or exposed to potential litigation, may use this type of trust for protection of their assets. Consider the scenario of a business owner, expecting his



or her business to grow over time. Suppose that business owner has a child, who is a physician by profession. How can that business owner create an estate plan and also protect assets from creditors' claims? The business owner can retitle his or her interest in the business to the Asset Protection Trust, naming the child as the beneficiary. The business owner will effectively retain the ability to manage the business, while protecting the business assets from outside claims against the owner or child.

Now consider that this business owner's child is in a tumultuous marriage. An Asset Protection Trust can also be used to protect the business owner's child from claims from a potential ex-spouse. The Trust, and the business within the Trust, will ultimately be distributed to the child. However, the child can continue to keep the

business in the name of the Trust, thereby protecting the business assets from claims by a soon-to-be ex-spouse.

Perhaps one of the primary benefits of creating an Asset Protection Trust is that the transferor will continue to have the authority to manage the Trust assets, just as if the transferor still owned those assets outside of the Trust. In other words, the transferor can still buy, sell, and control the assets. And perhaps most importantly, the transferor will still collect any income gained on the assets.

Asset Protection Trusts are not needed for everyone engaging in estate planning, but may be the perfect tool for some. Come talk to us today to evaluate whether your circumstances warrant the need for an Asset Protection Trust.

Removing the Anxiety of Aging-In to Medicare



For many baby boomers approaching age 65, the word “Medicare” conjures almost as many questions as unsolicited flyers and mailers. But with over 12,000 Michigan residents aging-in to Medicare each month, it is important to know that you are not alone. So, how can we remove the anxiety and answer those questions? It’s best to start from the beginning.

What is Medicare? The federal government defines Medicare as a “federal health insurance program for: People who are 65 or older, certain younger people with disabilities, and people with End-Stage Renal Disease.” In the spirit of simplicity, we will stick to the first group, people who are 65 and older. Those who are “Aging-In,” or turning 65 can expect a flurry of mailers in the months preceding their birthday, not just from the government, but numerous insurance carriers all vying for your business. These months

surrounding your 65th birthday are special, because they are part of the Initial Enrollment Period. The three months preceding your 65th birthday, the month of your birthday, and the three months following, make up your seven-month Initial Enrollment Period.

In order to understand the steps you need to take in this seven-month enrollment period, we must first look at the parts of Medicare.

Medicare is divided into parts based on what is being covered. Part A is also known as “Hospital Insurance” which helps cover inpatient hospital care, hospice care, and home health care. Part A is often paid for by you during your working years so there is likely no monthly premium. Part B is often referred to as “Medical Insurance” which helps cover doctor visits, outpatient care, durable medical equipment, and some preventative services like screenings. Every Medicare beneficiary in the country

will pay a monthly premium for Part B which is often automatically deducted from Social Security.

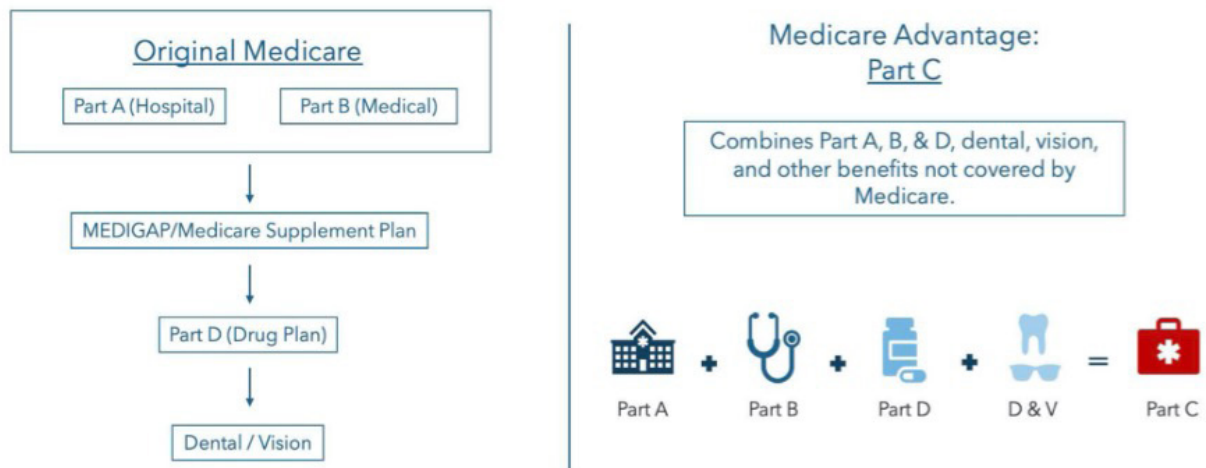
The first step in your seven-month Initial Enrollment Period is deciding whether to enroll in Parts A & B through the Social Security office. If you plan to continue working past age 65, you may not need to enroll because you likely have credible health insurance through your employer. Those who are receiving Social Security benefits prior to age 65 will be automatically enrolled in Parts A & B. A qualified agent will be able to explain how each of these situations will impact your next steps.

Once you have enrolled in Parts A & B, often referred to as “Original Medicare,” you will receive your “Red, White, and Blue card.” The second step requires a choice, a fork in the road, to decide which path suits your circumstances. This choice is often mentioned when someone asks what’s the

difference between Medigap and Medicare Advantage plans? They are both ways to fill the coverage gaps left from Original Medicare. The first path is an à la carte style coverage, which includes Original Medicare and may include a Medigap (Medicare Supplement) plan. The second path is an all-in-one Medicare Advantage plan.

Path two contains Medicare Advantage (Part C) which combines all parts into an all-in-one plan and is managed by a private insurance company. In many ways, a Medicare Advantage plan is much like the coverage you've become familiar with throughout your adult life. These plans are able to offer many

up to you. But, understanding the why, and how, will allow you to discuss your options confidently with a qualified agent. Each year, insurance agents go through rigorous training and certifications, to help you answer these questions and ultimately help find the right coverage for you. Visit our MI Medicare Store at www.miplanners.com.



Path one consists of Original Medicare, which is managed by the federal government, but can be complemented with multiple independent contracts, including a Medigap plan. Medigap plans add layers of additional benefits to Original Medicare which help limit your exposure at claim time. In addition to Original Medicare and a Medigap plan, you'll need a separate Part D plan which covers prescription drugs. In order to complete your coverage, you'll have the option to add on a separate policy for dental and vision. Medigap, Part D, and Dental/Vision plans are all offered by the big-name health insurance carriers that you've come to know. Each plan that is added to complement Original Medicare will come with a monthly premium.

additional services that Original Medicare and Medigap plans cannot. But the important piece to note is that everything that is covered under Original Medicare, must be covered under a Medicare Advantage plan. The federal government mandates this, so you'll never have a loss in coverage by choosing this option. Most insurance carriers offer \$0 monthly premium Medicare Advantage plans, though you will still be responsible for the Part B monthly premium though social security.

So how do you know which path to choose? Unfortunately, there is no one size fits all solution. The answer is that budget, philosophy, and circumstances are different for everyone. These variables help drive the decision towards one path or the other. The decision is

com to take the next step and speak with one of our qualified agents who will help you get to your peace of mind sooner!

Brought to you by:

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Michigan Planners is a 3rd generation employee benefits agency that has been doing business throughout Michigan for almost 60 years. Fueled by the evolving needs of our customers, Michigan Planners acquired the Harris Agency, a Traverse City based firm, specializing in Medicare and Individual health insurance. Now, with 5 offices across the state, Michigan Planners is able provide clients a multitude of services with the same unmatched customer service that has been our hallmark since inception.

HELPING FAMILIES
WHILE PROVIDING PEACE OF MIND



HELPING FAMILIES:

Mike Rutkowski

Attorney Mike Rutkowski was recently successful at protecting disability and governmental benefits for a client by utilizing a Special Needs Trust. This particular client was set to receive an inheritance from her mother who had recently passed away. The inheritance, if not handled in the proper legal manner, would have disqualified the client from her needs based benefits. Of course, the client was relieved when Mike was able to help her stay qualified for these vital benefits, while also protecting her inheritance.



HELPING FAMILIES:

Kendra Rozboril

Kendra recently assisted a family with Medicaid approval that took well over 4 months. The family had minimal assets, so it was somewhat surprising that the Medicaid caseworker was repeatedly asking for additional documents, especially given that most of the requests were for documents that were already sent in the initial application. Even after the approval came, Kendra worked with the case worker to correct various important figures Medicaid used for approval. In the end, Kendra was able to get the much-needed Medicaid approval that was necessary for the family.