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MEMBER



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Newsletter

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## NEGATIVE INHERITANCE

A recent column in Conde Nast's Portfolio.com addressed the concept of "negative inheritance." Economists use this term to describe the situation where any gifts or bequests that children otherwise might receive from their aging parents are outstripped by the costs to the children for caring for their parents. Negative inheritances can destroy a child's retirement and financial plans. For example, if a child had planned to withdraw a small percentage from his or her portfolio each year to support the child's lifestyle, but now must increase that percentage by fifty percent to take care of aging parents, then the child's financial plan won't work. As a result, financial advisors have developed detailed strategies for dealing with these risks. These strategies include family dialogue, long-term care insurance, and active management of the parents' assets.

The most critical element in avoiding negative inheritances is proactive family discussion. The family dynamics may be difficult, but if the family does not discuss possible scenarios in advance, then the caregiving inevitably falls to one child. This can cause tension and resentment and can damage the family. If the children to whom this responsibility will fall are reluctant to bring up the subject with their siblings, then they may want to start by discussing what will happen when the parents can no longer drive.

Financial advisers and elder law attorneys often ask their clients for permission to talk with their aging parents to review the status of their assets, and to determine what plans the parents may have in place for their long-term care. The financial advisor can then run a series of projections to see if the parents' assets will be sufficient for their care. If the funds will not be sufficient, then purchasing long-term care insurance might be an answer, even if the children pay the premiums. Purchasing a policy that covers half the cost of in-home, assisted living, or nursing home care is better than having no insurance at all.

If the parents cannot qualify for long-term care insurance because of their age or medical conditions, then it is essential to actively manage the parents' assets. This may include dealing with the family home; often people are

house-rich and cash-poor. Obviously, selling the family home in order to provide funds for care, or to diversify assets can be stressful for all concerned. Sometimes, however, it can be the inevitable option.

Studies show that middle-aged caregivers can suffer emotionally and vocationally, as well as financially. Some baby boomers will work at paying jobs in retirement so they can care for their parents. The caregiving workload can increase from an average of five hours per week to forty hours per week when the parent suffers from Alzheimer's disease or severe dementia. The caregiver has less time to spend with peers and operates on much less sleep. This emotional toll does not appear on a balance sheet, but it is real.

The attorneys at Oast & Hook can assist clients and their families with their estate, long-term care, financial and insurance planning.

### **Announcement**

Oast & Hook invites you to attend our upcoming seminar. To be held on March 13th, this seminar will focus on estate and financial, and it is entitled: "Estate, Long-term Care and Financial Planning." You will find this to be an informative seminar that will discuss the many issues facing the elderly when they plan for retirement. The seminar will cover estate planning, disability planning, insurance, and public benefits planning. The seminar speakers will be Oast & Hook attorneys Andrew Hook, William Oast III and Sandra Smith. If you are interested in attending this breakfast meeting, then please complete and fax the attached registration form to 757-397-1267. For more information about this breakfast meeting, please phone Jennifer Lantz at 757-967-9724.

### **Oast & Hook**

Oast & Hook is an elder law firm. We represent older persons, disabled persons, their families, and their advocates. The practice of elder law includes estate planning, investment and insurance advice, estate and trust administration, powers of attorney, advance medical directives, titling of assets and designations of beneficiaries, guardianships, conservatorships, and public entitlements such as Medicaid, Medicare, Social Security, and SSI, disability planning, income tax planning and preparation, bill paying, account management and reporting, care management, and fiduciary services. We also handle litigation involving these issues, such as will contests and estate administration disputes. For more information about Oast & Hook, please visit our website at [www.oasthook.com](http://www.oasthook.com).

Oast & Hook is a Virginia member of the Special Needs Alliance, a nationwide network of disability attorneys. As members of this alliance, we assist personal injury attorneys in resolving their cases to enhance the judgments and awards of their disabled clients and to maintain the eligibility of these clients for SSI and Medicaid. We are experienced in protecting the public benefits of persons with

special needs and in assisting with the management of their assets. For more information about the Special Needs Alliance, visit its website at [www.specialneedsalliance.com](http://www.specialneedsalliance.com). The Special Needs Alliance has begun publication of an informative e-newsletter called *The Voice*. The purpose of this newsletter is to provide information and answers about special needs planning for family members and professionals. To subscribe to *The Voice* go to [www.specialneedsalliance.com/subscribe.aspx](http://www.specialneedsalliance.com/subscribe.aspx).

### Distribution of This Newsletter

Oast & Hook encourages you to share this newsletter with anyone who is interested in issues pertaining to the elderly, the disabled and their advocates. The information in this newsletter may be copied and distributed, without charge and without permission, but with appropriate citation to Oast & Hook, P.C. If you are interested in a free subscription to the *Oast & Hook News*, then please e-mail us at [mail@oasthook.com](mailto:mail@oasthook.com), telephone us at 757-399-7506, or fax us at 757-397-1267.

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Our website contains information about Oast & Hook and an archive of our newsletters and other estate planning, estate administration, and elder law articles in searchable form at.

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