

Care Giver Contracts

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Millions of Americans are currently caring for an elderly family member or friend at home, without receiving regular compensation. Depending on the circumstances, however, it may actually be beneficial for both parties to enter into a care contract wherein the caregiver accepts payment for the care they are providing their loved one and also formally assumes responsibility for that care.

For example, if the loved one you are caring for reaches a point where placement in a care home, assisted living facility or nursing home is the best option, all of their money will be considered available to pay for their care at the facility home and they may not be eligible for ALTCS (Medicaid) assistance until most of their assets have been depleted. Certainly the care they were provided by you, while they remained in the community, is just as valuable to them and worthy of payment as that they will be provided in the nursing home. With a care contract in place, they can pay their caregiver, and every penny spent will count towards their “spend down” should they apply for benefits.

Having a care contract in place also ensures ALTCS will not impose penalties on the money received by the caregiver. Sometimes an elderly person will randomly give sums of money to their caregiver as payment for the care they provide. Without a contract in place, ALTCS will assume the money transferred is a “gift” or a “transfer of assets” and will impose penalties resulting in ineligibility for benefits.

From a caregiver's perspective, although they are willing to provide services for free, it is often difficult for them when, at the time of their loved one's passing, the caregiver who has provided several years of care receives the same inheritance as the other heirs, many of whom have not been involved in caring for the loved one. On the flip side, if a caregiver is receiving

The bottom line: if you are caring for a loved one or receiving care from a loved one, a written care contract is a good idea for both parties involved, for multiple reasons. Before entering into such a contract, be sure to consult someone experienced in drafting such contracts and knowledgeable with respect to their effect on ALTCS qualification. ALTCS has written guidelines to determine if the contract will be considered to be valid. For example: the agreement cannot cover services rendered before the date the contract was signed; payment must actually be made under the terms of the agreement; and a spouse cannot be paid for caring for a spouse. These are only a few of the written requirements.

Additionally, please keep in mind that all money you receive under a Care Giver Contract is income to the recipient. It is important to understand the tax consequences of entering into such an agreement.

Making the decision about purchasing any type of investment is important. We do not provide financial, tax or investment advice. If you would like such advice, we recommend you seek the advice of a professional who can provide such advice and information.

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payment and there is no contract in place which defines the care they have been working hard at providing, other heirs may be upset by the additional monies the caregiver received.

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