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Plan Rather Than Scheme

Be a wise person, not a wise guy. A wise person plans while a wise guy schemes. A wise person builds a foundation while a wise guy builds a house of cards.

An example or two may be helpful. A scheming family member who wants to receive a gift from a parent going into a nursing home but does not want the parent to get a penalty of not being able to receive public benefits for up to five years might figure..."Hey...who says she didn't lose it in Atlantic City?!" Yea, like the Board of Social Services that handles the Medicaid applications have never heard that one before. I wonder if people are schemers elsewhere...like out Iowa..."Hey...who says she didn't...ugh...spend it all on corn?!"

The likelihood of coming up with a scheme that sounds that easy, and have it work, is in my experience, close to nill. Another scheme that pops up involves a spouse of a nursing home resident contemplating divorce, figuring to end the relationship, take the money and leave the divorced spouse as a financial ward of the State. Of course a divorce is possible, but also perhaps unhelpful and capable of negatively impacting the end result. We can often save more for a married couple than for a single person as there are rules that protect the spouse remaining at home. In fact, it may benefit some unmarried couples to get married prior to one entering into a facility, as the State does not recognize common-law marriage and therefore, such a couple would not receive the benefits of asset protection through marriage.

It may be in some instances that divorce may yield a better financial result, but not always or perhaps as often as just staying married. The reason being, in part, due to the fact that Medicaid will review any property settlement associated with a divorce to ensure it was not a sham and lopsided in favor of the spouse not in the facility. The lesson, in part, is to not make it hard when it can be easy.

Let's devise a New Jersey Bad Plan Test to see if a plan is more a scheme with a bad result awaiting. Just ask these questions whenever presented with idea that sounds too good to be true: Does the plan sound like something that was made up by two guys in football jerseys tailgating in the Giant Stadium parking lot, and one of them knows a guy who knows about such things; When you ask if such a plan is legal, the answer is "Ahhh...they do it all the time!" or "You'll be dead before they catch you"; Does it make you feel smart because it was so easy? If you yes to any one of these three inquiries, stop and get some good advice before proceeding.

Plan Early. Be Certain.

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