THE LAW OFFICES OF SAMANTHA K. WOLFE LLC

Providing mindful legal direction

20 EAST SIXTH STREET, SUITE 206
WAYNESBORO, PA 17268
717- 655-2676
www.skwlawoffice.com

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Newsletter

Did you know!!

Did you know? No number before 1,000 contains the letter A. That's right, there's no letter A in one, two, three, four.... all the way up to thousand. You counted didn't you!

thousand

20 East Sixth Street, Suite 206,
Waynesboro, PA 17268
Monday through Friday 8:30 am to 4:30 pm
717-655-2676
skwlawoffice.com
@skwlawoffice
The Law Offices of Samantha K. Wolfe, LLC
@skwlawoffice
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Centerpieces with the Nieces: Part III, Lily and Maya Blair

During a recent interview between Samantha, Lily and Maya, they had a questions that they wanted Sam to answer. Here's how their conversations went:

Maya – What is the best part of your job?

Samantha - Let me think, there are so many good parts. At our office we handle three main categories of clients: estate planning, asset protection, and estate administration. My job and the staff's job here is to take something that would normally be a difficult concept or an emotional situation (in cases where a loved one has passed away) and make it a little easier to navigate for our clients. We can help organize the legal documents and file the necessary documentation. With asset protection planning, we try to explain a difficult concept in a way that makes sense to our clients who may not have a background in trusts and how a trust can operate. There is always this moment in an appointment where I feel like the clients understands how the trust can help, because they ask a really good question or maybe they are able to respond to someone else's question during the appointment. It is in that moment that the client has a deeper understanding of what we are doing and that makes me feel like we have done our job. It is not just me; the staff does a fantastic job of helping our clients. It starts with Amy at the front desk, and then continues with Tammy, Jess, and Sandy. Each lady does her part to help the client. They all do a really good job of helping to answering client's questions and addressing those concerns in a timely manner. For me, there is nothing more rewarding than when client really understands what they are doing and why they are doing it.

Lily – What is the difference between life insurance, annuity, and retirement?

Samantha – Let's start with life insurance first. I want to buy a life insurance policy on your life. Every year I am going to pay an annual premium to the life insurance company. For example, I pay a thousand dollars every year. When you die, I get a lump sum of money back. For example, I may pay $1500 annually as a premium and then upon your death, I may receive $100,000. The nice thing about life insurance is that life insurance death benefit proceeds are not subject to any tax in Pennsylvania. There is no inheritance tax and no income tax on life insurance death benefit proceeds. People who have life insurance policies are able to get money to the next generation without any tax. For life insurance, you an annual premium and then you get a lump sum when someone dies.

Annuities work the opposite way of life insurance products. You might have $300,000 and then the annuity company invests it and gives you a stream of money for a number of years. If you give them $300,000, they might say over the next ten years we slowly will give you $30,000 annually. You have a stream of income over a period of years.

When it deals with life insurance you are getting a lump sum when someone dies after paying a certain amount annually. For an annuity, you are putting in a lump sum and getting periodic payments which are usually yearly or monthly.

The last one was retirement. There are two main types of retirement: one is before tax dollars and the other is after tax dollars. For before tax dollars, a taxpayer is taking a portion of his or her paycheck and contributing it to a retirement account. Therefore, the amount contributed to the retirement account is not included in the taxpayer's income for income tax purposes. Normally when you are working you would begin investing a portion of your paycheck into a retirement account that you are going to invest, and it will continue to grow. Once you start receiving distributions from the retirement account, though, you have to include the amount of the distributions in your taxable income for income tax purposes. If you are contributing to the second type of retirement (after tax dollars), you have already paid tax on the amount you are contributing to a Roth IRA so when it comes time to withdraw the funds, the amount that is withdrawn is not included in your taxable income.

For both types of retirement accounts, when you pass away you have a beneficiary designation on that retirement account. Upon death, the remaining amount owned in the retirement account pays to the beneficiary designated on the account. In 2019, President Trump signed the Secure Act, which means that a retirement account owner is required to take an annual amount beginning at age 72 (this is an increase from age 70 ½). The annual amount you receive will be stretched over the account owner's life expectancy. Any amount remaining in the amount at your death, will pay to your designated beneficiary on the retirement account.

Virtual seminars

- **October 13, 2022 @ 12-1 pm: "I love my kids but....Parental Control after Death"**
- **November 10, 2022 @ 12 -1 pm: "Living at home at 50 could be a good thing"**
- **December 8, 2022 @ 12 -1 pm: "Charitable Planning: Can you spare some change?"**
- **January 12, 2023 @ 12-1pm: "Tangled Web We Weave: Social Security"**

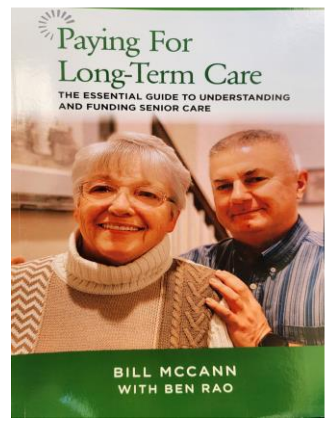
We hope you can join us. Please note that we always add our virtual seminars to the seminar library on our YouTube channel, so please subscribe to our channel (www.youtube.com/channel/UCaQWFDV4chTFIqeJxuGU9Pw) so you know when we post new material.

We are all settled in and would love to show you around the office a bit.

“Partnering with the Pros”: William "Bill" McCann, Senior Transition Specialist with PenMar Senior Solutions, LLC. PenMar Senior Solutions, LLC is a company that specializes in buying homes in Franklin & Adams County "as-is" so you will never have to make a single repair, pay fees, or realtor commissions. They never ask you to make costly repairs or pay any fees. They cover all of the closing costs, and since they are not realtors so there are never any commissions to pay. During a recent interview with Bill, Samantha had asked Bill to give a little more detail as to what his business has to offer and time frame on which it takes to complete the home sell/buying process.

Sam – Tell me a little bit about PenMar Senior Solutions, LLC: What you do? What can you offer to the community? How did you get started?

Bill – Back at the end of 2020, my wife and I started noticing some of the difficulties and stress that families were going through when one of their loved ones had a medical situation and they had to go into long-term care. It may have been that the doctor said they cannot go home by themselves, or they need to have somebody to take care of them. If the families cannot let them move in with them and they need to go into long-term care, that’s where we come in to help. Typically, it is going to be a senior and for whatever reason they need to go into this long-term care facility. At that time my wife, Dawn, was working at a senior care facility and she was able to witness from the inside some of the struggles and stresses the family were going through trying to get their loved ones into a facility. They also have to take care of everything on the outside: how do they take care of the house? What to do with the stuff? There is just so much involved. We started looking into it more and noticed our friends were starting to run into these situations, and our parents were getting to that age where they could potentially need some assisted living.



Sam – What is it that you do?

Bill – Our mission is to help families face one of the biggest challenges when it comes to one of their loved ones moving into senior care. It is a very stressful situation for everyone involved. We will purchase their house as is. They don’t have to clean it out and they don’t need to pay a realtor fee. If they don’t want to sell their house, we have a long list of people we work with that may be of help such as, an auction company, a senior care specialist, or elder attorneys such as yourself. We can put them in contact with people we work with to help them navigate the difficult time.

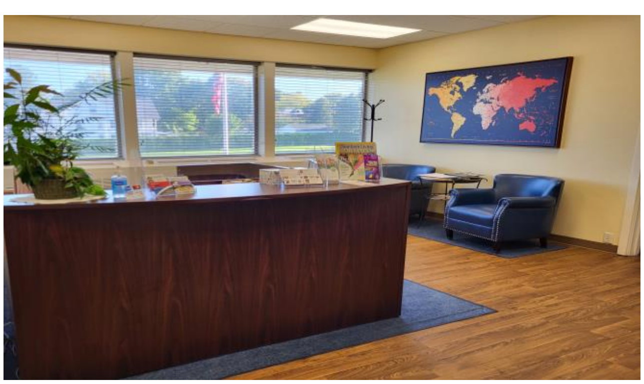
Sam – Let’s talk about fees, Is there a fee? How do you go about charging for this service?

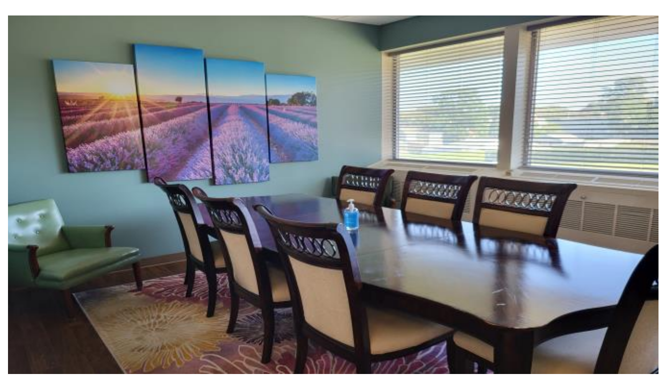
Bill - There is no fee. That’s another benefit of working with us and another way we are different from a retail sale or using a realtor. We don’t charge a commission or any fees. In most cases, we just add the home to our rental portfolio. We fix it up and then rent it out to somebody who is looking for a home to live in.

Sam - How can a family get in contact with you? What is the process by which families get in touch with you?

Bill - They can also contact us directly by calling us at (717) 794-7944. They can email us at Bill@PenMarSeniorSolutions.com or they can go to our website: PenMarSeniorSolutions.com. By going to our website, they can fill out a short form with information about the house they want to sell and then we will contact them. More importantly, they can download a free copy of my book “Paying for Long-Term Care”.

For more information or to view this video in its entirety or other videos, please go t our YouTube channel at: The specific link for the PenMar Senior Solutions video interview: https://youtu.be/RohZRBXAO4o.





Blog from the Boss (Or Basically Sam's Humble Musings):

What if I transfer all my assets to my children?

In Pennsylvania there is a five-year lookback period for long-term care purposes, which means if you transfer assets to any individual without adequate consideration, whether outright or in a trust, those assets available to pay for your long-term care costs for up to five years after the transfer. The lookback period depends on the value of the asset that you transferred. The maximum lookback period that you can have in Pennsylvania is five years. If you transfer assets to your children and eventually need long-term care, then there is a financial obligation for those children to pay for care up to the amount of the gift that was transferred to them. I always encourage clients to think about what those ramifications are to their family and whether they actually want to make those gifts. The other thing that you have to realize is if you transfer the assets to your children then that means that your children are in control. For example, if you transfer your primary residence, the child could evict you from your home. Also, if you transfer assets to your kids, those transferred assets are subject to any of your children's creditors (divorce, car accidents, debt), and if your children predecease you, then those assets are subject to Pennsylvania inheritance tax. Additionally, if the assets are owned by your children, and they predecease you, those assets would be distributed by your children's last will and testament. That would mean that you are not guaranteed to get those assets back unless your children updated their will to specify that. If you have additional questions, please contact our office.

What if I add my children's name to the deed?

Client typically ask about adding a child's name to the deed to protect against long-term care costs. Adding a child's name to the title of property makes the property subject to the child's creditors. Additionally, if the child predeceases the client, the client must pay PA inheritance tax on the real estate. Client would pay PA inheritance tax at a rate of 4.5%. Our office does have other planning techniques that we can use to protect your assets.

What if I want my children to be involved with my estate planning process?

We would absolutely welcome them as part of the estate planning process. We can do that whether they are willing to come to the appointment in-person or we can also call them during the appointment. We also have the option to include them virtually, if that is better for them if that would be better for them and they live a distance away. The goal here is to create the best plan for you and that means having those people around you that you really trust.