

Medi-Cal Asset Protection Trust "MAPT"

Standard Characteristics:

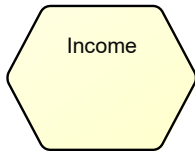
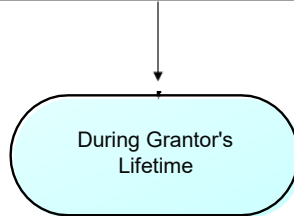
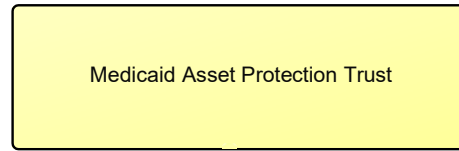
Self-Settled
 Irrevocable
 Grantor - No Access to Principal
 Typically defective as to income
 Gift for Medicaid purposes (penalty imposed, subject to lookback period)

Options:

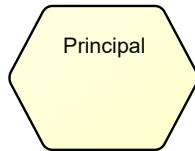
Income to Grantor
 Choice of lifetime beneficiaries
 Choice of Trustee
 Limited Power of Appointment for Step Up in Basis
 Grantor Trust Powers
 Trust Protector
 Residuary Beneficiaries

Purpose

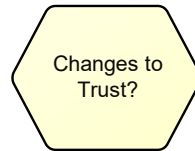
Protect trust assets from being counted for Medicaid purposes (after the lookback period expires).
 Allow lifetime beneficiaries to access trust funds as needed.



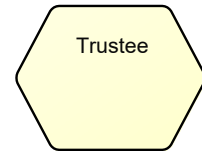
Paid to grantor, lifetime beneficiaries, or neither
 May accumulate in the trust



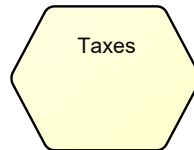
May be paid to lifetime beneficiaries under the terms set by the grantor



May only be made by a Trust Protector in the absence of a limited power of appointment



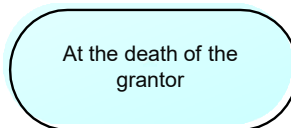
Appointed by the grantor (usually not the grantor).
 May be interested (also a beneficiary) or independent.
 Responsible for making distributions of income or principal.



Income taxed to the grantor (regardless of who receives it) if grantor trust provisions chosen. Gift tax return may be filed at the time of funding (may be a completed gift trust).
 When principal distributions are made, gift tax return must be filed (if not previously filed).

Who are the lifetime beneficiaries?

Anyone the grantor chooses (except the grantor). Often it is one or more children, other family members or close friends of the family.



If a joint trust, assets remain in trust under the same terms.
 If an individual trust, assets pass to the residuary beneficiaries either outright or in trust.