

# Establishing a Medicaid Asset Protection Trust

*When planned correctly, a Medicaid Asset Protection Trust (MAPT) can offer significant benefits to elders seeking to plan for their long-term care and protect their assets for their loved ones' benefit. Unfortunately, individuals attempting to establish a MAPT often encounter planning and funding difficulties – which is where the expertise of an elder law attorney is needed. Below, estate planning and elder law attorney Samantha McCarthy offers her insights on how MAPTs can be used to their best effect.*

**To begin with, could you please explain the meaning of a Medicaid Asset Protection Trust and its significance in elder law?**

A Medicaid Asset Protection Trust (MAPT) is an irrevocable trust which is designed to protect assets from being counted as available resources for purposes of Medicaid eligibility. These trusts provide a powerful tool in long-term care planning and allow an opportunity to protect assets such that they may pass to a client's loved ones rather than being considered available resources to pay for long-term care in a nursing home.

**How can these trusts potentially help to preserve Medicaid eligibility?**

Through effective MAPT planning, clients can protect and preserve up to 100% of the available equity in assets. The most common assets that are funded to MAPTs are real estate, but these trusts are able to hold most types of non-retirement assets. Due to the way MAPTs work, assets are

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recited in the name of the trust once it is drafted and executed, and the trustee manages those assets in the way the grantor has laid out in the trust. Since the title to such assets is no longer in the name of the grantor, five years after the trust has been established and the assets funded to the trust, those assets are no longer considered available to pay for long-term care. They are therefore preserved and able to pass to the beneficiaries under the trust rather than escheat to the state to pay for or reimburse the state for long-term care and Medicaid costs.

**What necessary steps must be taken in establishing a Medicaid asset protection trust?**

In order to establish a Medicaid asset protection trust, a client must carefully evaluate their available assets, the