



CHIP'S CLIPS

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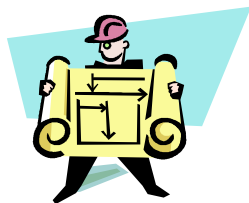
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For more information on modular homes: see the National Modular Housing Council website at: www.manufacturedhousing.org

Bailout Law Encourages Additional Charitable Giving

The Emergency Economic Stabilization Act of 2008 can offer you new opportunities for tax-free charitable giving in 2008 and 2009. This bill includes incentives for those 70 ½ years of age and older who would like to make charitable gifts from potentially taxable IRA funds. These charitable IRA rollover provisions had expired at the end of 2007 and are truly a needed boost for increasing charitable contributions to charities which are suffering even more than the average individual due to the economic downturn. This new law simply revises the 2006 IRA gift provisions and applies to gifts made in 2008 and 2009, retroactive to January 1, 2008. Many people can avoid income and estate taxes on their IRA distributions. Key provisions include the following:

- Donors must be 70 ½ or older at the time of the gift;
- Charitable gifts must be made directly from an IRA to the charity;
- An individual can give a maximum of \$100,000 in 2008 and an additional \$100,000 in 2009;
- The gift may not be made in exchange for a charitable gift annuity or for a charitable or remainder trust;
- The gift may not be made to a private foundation, donor-advised fund or supporting organization; and
- The donors who have reached age 70 ½ and are required to make minimum required distributions can direct the entire amount to charity in satisfaction of their minimum required distribution.

Maine Leading in Modular Home Building

Many may not realize that Maine leads the country in modular home building. When we see those “wide load” signs, these are more often elaborate, sometimes 5-bedroom colonials with two dormers and a cupola, rather than trailers. Maine has about 15% of all new homes using the pre-fab technology, twice the number found elsewhere in New England and far above 3% of new homes nationwide that are modular, according to the National Modular Housing Council. We seem to be experiencing more new modular homes than stick-built homes here in the

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Boothbay Region. Contributing factors appear to include acceptance of quality and versatility of modular technology; we have even seen architect-designed modular homes. A pre-fab home can be erected in weeks instead of months or years, which is particularly important for Maine's short building season. Most importantly, perhaps, is the simple economics that modular homes represent a savings of 15% or more over conventional stick-built homes.

Caregiver Compensation

Most often, children become caregivers for their parents. The typical caregiver tends to be a daughter, approximately 50 years old, with some college education, an average household income of about \$50,000, her own children, and at least part-time work. About 50% of caregivers provide care for someone who has dementia. Over half of such caregivers provide some care 7 days per week, and over half infrequently take vacation time. Over half suffer a deterioration in health since providing care, often resulting in heightened stress, emotional distress, and depression. Most caregivers want more support from other family members. They suffer from poor eating, lack of exercise, and lack of social relationships and activities. Over 1/3 of family caregivers experience conflicts with other family members, financial hardships, and trouble maintaining their own home and family. Often sandwiched in between generations, she is taking on much added stress in caring for one or both of her parents. Not only is the caregiver child stretched financially, she is stressed emotionally as well. Of course, sons and husbands are often caregivers, but the typical caregiver tends to be the wife or daughter. Female caregivers outnumber males six to one. Particularly the daughter caregiver of the surviving parent must give up her job.

Sometimes the parents will leave more to that caregiver child, and this arrangement is becoming more common. Of course, the parents' assets may be depleted before he or she dies, and the caregiver child will receive nothing. Too often, leaving the assets to the caregiver child and not to the other children can create issues amongst the other children. However, such arrangements are becoming more common, as an estimated 10 million American adults need help with daily activities, and family members are responsible for 80% of such care giving according to the AARP.



ime for the entire family and can result in family conflict over the amount of care and ribution of funds. Even after the person being cared for has died, the caregiver has than normal for many months and often years. Some parents give assets in advance at this can create MaineCare (Maine Medicaid) expenses and other complexities.

it must be drafted and signed in advance of payments in order to qualify for MaineCare ayments to caregiver family members. Caregiver agreements should include how to monitor health care, secure health care, monitor the safety and security of living arrangements, assist with nutrition, provide transportation, perform housecleaning, assist with personal hygiene, monitor financial management, assist with pet care, and assist in support and maintenance services.

National Family Caregivers Association, a Chicago non-profit advocacy group, estimates that the value of family caregivers "free" help is \$257 billion dollars per year. Most of this cannot be compensated because the people in need of care cannot afford to give such compensation or because by impoverishing themselves they might not qualify for governmental subsidies at a later date.

For more information
on National Family
Caregivers Association,
see their website at:
www.nfcacares.org

Powers of Attorney

We are seeing an increasing number of problems with people who are using "off-the-shelf" forms for powers of attorney. Maine has a unique statute which requires certain wording for a power of attorney to be effective if executed in Maine. We have seen some situations where a much more expensive court conservatorship proceeding was required because people had used the "cheaper" approach. Gift provisions must be included in the power of attorney in order for the agent to make gifts, which are often valuable for estate tax planning or MaineCare eligibility reasons.

Business Entities for Starting or Running a Business

The most popular entities, with both legal liability protections and tax advantages, are limited liability companies and S-corporations. You should consult with your accountant as to which entity may be best for you. We frequently prepare the legal documentation for such business entities. Entities can help manage a family home, particularly summer cottages, but they can also be very helpful for businesses with no real estate. Drafted and operated properly, they generally provide legal liability protection against you individually for the operation of your summer home or business. Such entities are very helpful for managing the business and making decisions amongst multiple family members or business partners.

Failure to Pay Prorated Property Taxes

Maine has just passed a law this year which has added more teeth to sellers (and buyers) who have not paid their share of the property taxes at real estate closings. Generally, when a house is sold, the seller is responsible for his or her share of the real estate taxes through date of closing. Often the tax bill has not come out or is not due, and the parties generally agree in their contract to prorate the real estate taxes. If either party has not paid his or her share of the prorated taxes, any other party to the transaction

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Bella's Spot

Pet Provisions in Wills



An increasing number of clients are including pet provisions in their wills. These pet provisions can range from simply designating who should receive and care for the pet to elaborate trusts for the pet. There was a recent Tennessee case where two parents fighting over their son's estate wanted custody of the dog, and the court appointed a guardian for the dog to determine its best interest. The father was the lucky winner. The guardian stated that "except for the communication problem, the dog and I got along very well." The father received custody of the dog at his business during the day, while the deceased son's girlfriend kept the dog at night. Apparently this dog dispute will soon be back in court because the girlfriend believes that the father has not maintained the dog on a proper diet and has switched vets.

Unfortunately, more often than not it is more difficult to find someone willing to take the animals than it is to have people fighting over the animals. With the advent of our Maine Trust Code in 2005, pets are now recognized as appropriate beneficiaries for valid trusts in Maine (and now in most states).

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who pays the taxes owed by the delinquent party may recover in a lawsuit from the delinquent party, not only the amount of unpaid taxes, but also the costs incurred in releasing the lien and reasonable attorney's fees. There is also some consumer protection for the prevailing party in such a court action: Any lien must be considered inaccurate information and not adversely affect their credit report. Generally, we find that these problems are few and far between. But this law can make an unreasonable seller or buyer far more reasonable.

Couples' Retirement problem

Husbands and wives often differ in their outlooks and expectations for retirement. Thirty-seven percent of couples who are less than ten years from retirement differ on their expected retirement lifestyle, with men tending to be more optimistic about the standard of living that they will encounter. More than a third of couples disagree on their planned age of retirement. Men particularly underestimate the age in which their wives plan to retire. Almost half do not see eye to eye on whether both or one will work in retirement. Couples who are in their 40s and 50s should prepare a written list of their retirement priorities. You may be surprised just how different are your expectations. Couples who share daily financial responsibilities, such as creating budgets, paying bills, and handling routine banking, are generally more optimistic about their retirement lifestyle and are better prepared to meet unexpected retirement problems.