Using Irrevocable Trusts for Medicaid Planning in Texas

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Introduction

Purpose: Explore irrevocable trusts for Medicaid eligibility in Texas

Scope: Focus on Medicaid, not general asset protection or VA benefits

Applicability: Future Planning, NOT Crisis Planning

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Common Scenario

Henry and Winona

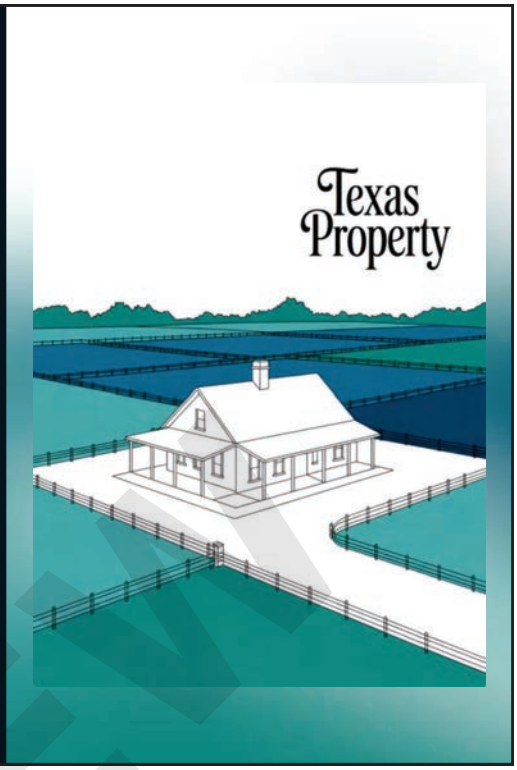
Ages 72 and 75

Property

200 acres and a house with FMV of 1.5M

Assets

Cash Savings: 75K; 2 Cars; Bass Boat; Combined SS and TRS: $4,500



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The Long-Term Care Challenge

- Average nursing home cost in Texas: $6,000-$8,000/month

- Risk of depleting life savings and selling
- off assets

- Median Individual Income is $38,239 for
- Individuals >75 years of age

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"[Medicaid law] is "an aggravated assault on the English language, resistant to attempts to understand it."

- Chief Justice John G. Roberts Jr. *Wos v. E.M.A. ex rel. Johnson*, 568 U.S. 627, 648, 133 S. Ct. 1391, 1404–05, 185 L. Ed. 2d 471 (2013)

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Why Medicaid Planning?

Long-term care costs can devastate finances

Clients seek advice from unreliable sources (friends, bankers, CPAs, general attorneys)

Risks of bad advice:

- Outright gifts to children: Mismanagement, creditors, divorce
- Loss of control, family disputes

Elder law attorneys' role:

Educate and offer solutions such as tools like irrevocable trusts

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Title search: Medicaid Asset Protection Trusts

Also available as part of the eCourse
Medicaid Planning: What You Need to Know (2025)

First appeared as part of the conference materials for the
27th Annual Estate Planning, Guardianship and Elder Law Conference session
"Medicaid Asset Protection Trusts"