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Marcia L. Campbell, CPA

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Certified Senior Advisor (CSA)® ♦ Elder Care Professional ♦ Accredited Estate Planner (AEP)

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SEPTEMBER ISSUE

Inside This Issue:

What is a Final Court Accounting for a Trust?

Trust accounting is a detailed record that includes information about all income and expenses related to a trust. It includes items like taxes paid, disbursements, gains and losses, and expenses paid to advisors who helped manage the trust over time.

Once the trustor has passed, the trustee will begin the termination process, which includes a final court accounting. A trustee is required by probate law to prepare a final accounting unless the beneficiaries decide to waive it in a signed document.

If all the beneficiaries are in agreement, the trustee will not be required to provide the final formal accounting. These documents are usually waived in an effort to save time and money by eliminating the costs of what can be a complicated process. But it's important for beneficiaries to think about their individual situation and decide if a final court accounting waiver is right for them.

A full and detailed accounting will show if a trustee has properly managed assets and funds and has completed their fiduciary duties. In some cases, cutting corners may lead to issues or disagreements that could ultimately end in a withdrawal of the final accounting waiver.

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What Our Clients Say About Us

"I have been with Marcia since 2001. Her service and professionalism has always been top notch."

–JF

Moving Mom or Dad into a Nursing Home? 5 Potential Tax Implications

More than a million Americans live in nursing homes, according to various reports. If you have a parent entering one, you're probably not thinking about taxes. But there may be tax consequences. Let's take a look at five possible tax breaks.

1. Long-term medical care

The costs of qualified long-term care, including nursing home care, are deductible as medical expenses to the extent they, along with other medical expenses, exceed 7.5% of adjusted gross income (AGI).

Qualified long-term care services are necessary diagnostic, preventive, therapeutic, curing, treating, mitigating and rehabilitative services, and maintenance or personal-care services required by a chronically ill individual that a licensed healthcare practitioner provides.

To qualify as chronically ill, a physician or other licensed healthcare practitioner must certify an individual as unable to perform at least two activities of daily living (eating, toileting, transferring, bathing, dressing, and continence) for at least 90 days due to a loss of functional capacity or severe cognitive impairment.

2. Nursing home payments

Amounts paid to a nursing home are deductible as medical expenses if a person stays at the facility principally for medical rather than custodial care. If a person isn't in the nursing home mainly to receive medical care, only the portion of the fee allocated to actual medical care qualifies as a deductible expense. But if the individual is chronically ill, all qualified long-term care services, including maintenance or personal care services, are deductible.

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What is a Final Court Accounting for a Trust?...*Continued From Pg. 1*

The waiver may be withdrawn by either the beneficiaries or a court. In this case, the court can require a full accounting if they have evidence that a breach of trust duties likely occurred. A full and detailed accounting is one way for both the trustee and the beneficiaries to protect themselves.

If the beneficiaries decide to proceed with the final court accounting, there are a number of items that will be calculated. The process usually begins with a valuation of the assets beginning on the date of trustor's death and ending with the value of the assets before they get distributed. The goal of the final accounting is to show everything that went in and out of the trust over its lifespan.

There is no set timeframe in which a final accounting is completed. Remember, every situation is different and the length depends on how long the trust has been in existence. If you have a more complicated trust, you can expect to wait a longer amount of time.

Do you have more questions about the process of a final court accounting?

If you need help, please contact us by filling out our Contact Form online or by giving our office a call at (951) 686-3608.

As the most experienced CPA in the Inland Empire who specializes in working with seniors, Marcia L. Campbell is committed to helping each client thrive by caring for their personal and financial wellbeing with genuine interest, well-established expertise, and a focus on respectful partnerships.

Marcia's team specializes in a number of services including elder & financial care, court & trust accountings as well as private fiduciary and tax services. At Marcia L. Campbell, CPA, we understand the importance of our clients' individual needs and are committed to helping them make the best personal and financial decisions for their future.

Source: https://mcampbellcpa.com/what-is-a-final-court-accounting-for-a-trust/

Please contact our office for more information.†

Moving Mom or Dad into a Nursing Home? 5 Potential Tax Implications...*Continued From Pg. 1*

If your parent qualifies as your dependent, you can include any medical expenses you incur for your parent along with your own when determining your medical deduction.

3. Long-term care insurance

Premiums paid for a qualified long-term care insurance contract are deductible as medical expenses (subject to limitations explained below) to the extent they, along with other medical expenses, exceed the percentage-of-AGI threshold. A qualified long-term care insurance contract covers only qualified long-term care services, doesn't pay costs covered by Medicare, is guaranteed renewable and doesn't have a cash surrender value.

Qualified long-term care premiums are includible as medical expenses up to specific amounts. For individuals over 60 but not over 70 years old, the 2023 limit on deductible long-term care insurance premiums is $4,770; for those over 70, the 2023 limit is $5,960.

4. The sale of your parent's home

If your parent sells their home, up to $250,000 of the gain from the sale may be tax-free. To qualify for the $250,000 exclusion ($500,000 if married), the seller must generally have owned and used the home for at least two of the five years before the sale. However, there's an exception to the two-out-of-five-year use test if the seller becomes physically or mentally unable to care for him or herself during the five years.

5. Head-of-household filing status

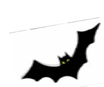
Suppose you aren't married and meet certain dependency tests for your parent. In that case, you may qualify for head-of-household filing status, with a higher standard deduction and lower tax rates than single filing status. You may be eligible to file as head of household even if the parent for whom you claim an exemption doesn't live with you.

Source: https://www.brinkersimpson.com/blog/moving-mom-or-dad-into-a-nursing-home-5-potential-tax-implications

Please contact our office for more information.†

HAPPY HALLOWEEN

TUESDAY, OCTOBER 31ST



You can e-mail us at Allison@MCampbellCPA.com to receive your newsletter by e-mail!

"You are never too old to set another goal or to dream a new dream."

— C.S. Lewis

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