

2322 - LIFE ESTATE AND REMAINDER INTERESTS

| | |
|----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| POLICY STATEMENT | <p>The value of a life estate interest may or may not be a countable resource, depending on whether the A/R's ABD COA is FBR or Non-FBR.</p> <p>The value of a remainder interest is a countable resource for all ABD COAs.</p> <p>For Family Medicaid COAs, life estate interest that an individual has a right to use, but not dispose of during his/her life, is excluded as a countable non-liquid resource. However, consider any income received from the property.</p> |
| BASIC CONSIDERATIONS <p>Life Estate</p> <p>NON-FBR COAs</p> <p>FBR COAs</p> | <p>A life estate conveys to the individual to whom it is given certain property rights for the duration of his or her life or someone else's life. In some case, it may be conditional, such as for life or until remarriage.</p> <p>The owner of a life estate can sell the life estate but does not have full title to the property. The life estate owner cannot sell the property or pass it on as an inheritance.</p> <p>However, some states allow life estates with powers, wherein the owner of the property creates a life estate for himself or herself retaining the power to sell the property, with a remainder interest to someone else, such as a child.</p> <p>Exclude all life estates in real property owned by Non-FBR A/Rs.</p> <p>If a FBR A/R owns a life estate with powers, its resource value is its full equity value.</p> <p>If a FBR A/R owns a life estate with no powers, use the table on the following page to determine the resource value.</p> <p>NOTE: If the property for which an A/R owns a life estate is the A/R's principal place of residence, apply the homeplace exclusion.</p> |

**BASIC
CONSIDERATIONS
(cont.)****Remainder Interest**

When the owner of the property gives it to one party in the form of a life estate and designates a second party to inherit it upon the death of the life estate holder, the second party has a remainder interest in the property.

The value of a remainder interest in non-homeplace property is a countable resource for all A/Rs.

**Transfer of Resource
Penalty**

If an A/R transfers ownership of real property and retains life interest, he/she has transferred remainder interest. Consider a transfer of resources penalty on the value of the remainder interest.

If an A/R transfers life interest, consider a transfer of resources penalty on the value of the life interest. See Section 2342, Transfer of Resources.

PROCEDURES

Obtain copies of legal documents which convey the life estate or remainder interest.

Exclude as a resource any life estate interest in real property owned by a Non-FBR A/R.

Verify the CMV of any property in which a FBR A/R owns a life estate interest, or any liquid asset in which a Non-FBR A/R owns a life estate interest, or in which ANY A/R owns a remainder interest.

Use the following chart to determine the resource value of a life estate or remainder interest. Multiply the CMV of the property by the life estate or remainder interest decimal that corresponds to the life estate interest holder's age. Always use the life estater's age to determine the value of a life estate or remainder interest.

| Chart 2322.1 UNISEX LIFE ESTATE OR REMAINDER INTEREST TABLE | | |
|-------------------------------------------------------------|-------------|-----------|
| AGE | LIFE ESTATE | REMAINDER |
| 0 | .97188 | .02812 |
| 1 | .98988 | .01012 |
| 2 | .99017 | .00983 |
| 3 | .99008 | .00992 |
| 4 | .98981 | .01019 |
| 5 | .98938 | .01062 |
| 6 | .98884 | .01116 |
| 7 | .98822 | .01178 |
| 8 | .98748 | .01252 |
| 9 | .98663 | .01337 |
| 10 | .98565 | .01435 |
| 11 | .98453 | .01547 |
| 12 | .98329 | .01671 |
| 13 | .98198 | .01802 |
| 14 | .98066 | .01934 |
| 15 | .97937 | .02063 |
| 16 | .97815 | .02185 |
| 17 | .97700 | .02300 |
| 18 | .97590 | .02410 |
| 19 | .97480 | .02520 |
| 20 | .97365 | .02635 |
| 21 | .97245 | .02755 |
| 22 | .97120 | .02880 |
| 23 | .96986 | .03014 |
| 24 | .96841 | .03159 |
| 25 | .96678 | .03322 |
| 26 | .96495 | .03505 |
| 27 | .96290 | .03710 |
| 28 | .96062 | .03938 |
| 29 | .95813 | .04187 |
| 30 | .95543 | .04457 |
| 31 | .95254 | .04746 |
| 32 | .94942 | .05058 |
| 33 | .94608 | .05392 |
| 34 | .94250 | .05750 |

| | | |
|-------------------------------------------------------------|-------------|-----------|
| 35 | .93868 | .06132 |
| 36 | .93460 | .06540 |
| Chart 2322.1 UNISEX LIFE ESTATE OR REMAINDER INTEREST TABLE | | |
| AGE | LIFE ESTATE | REMAINDER |
| 37 | .93026 | .06974 |
| 38 | .92567 | .07433 |
| 39 | .92083 | .07917 |
| 40 | .91571 | .08429 |
| 41 | .91030 | .08970 |
| 42 | .90457 | .09543 |
| 43 | .89855 | .10145 |
| 44 | .89221 | .10779 |
| 45 | .88558 | .11442 |
| 46 | .87863 | .12137 |
| 47 | .87137 | .12863 |
| 48 | .86374 | .13626 |
| 49 | .85578 | .14422 |
| 50 | .84743 | .15257 |
| 51 | .83674 | .16126 |
| 52 | .82969 | .10731 |
| 53 | .82028 | .17972 |
| 54 | .81054 | .18946 |
| 55 | .80046 | .19954 |
| 56 | .79006 | .20994 |
| 57 | .77931 | .22069 |
| 58 | .76822 | .23178 |
| 59 | .75675 | .24325 |
| 60 | .74491 | .25509 |
| 61 | .73267 | .26733 |
| 62 | .72002 | .27998 |
| 63 | .70696 | .29304 |
| 64 | .69352 | .30648 |
| 65 | .67970 | .32030 |
| 66 | .66551 | .33449 |
| 67 | .65098 | .34902 |
| 68 | .63610 | .36390 |
| 69 | .62086 | .37914 |
| 70 | .60522 | .39478 |
| 71 | .58914 | .41086 |
| 72 | .57261 | .42739 |
| 73 | .55571 | .44429 |

| | | |
|-------------------------------------------------------------|-------------|-----------|
| 74 | .53862 | .46138 |
| 75 | .52149 | .47851 |
| 76 | .50441 | .49559 |
| 77 | .48742 | .51258 |
| 78 | .47049 | .52951 |
| Chart 2322.1 UNISEX LIFE ESTATE OR REMAINDER INTEREST TABLE | | |
| AGE | LIFE ESTATE | REMAINDER |
| 79 | .45357 | .54643 |
| 80 | .43659 | .56341 |
| 81 | .41967 | .58033 |
| 82 | .40295 | .59705 |
| 83 | .38642 | .61358 |
| 84 | .36998 | .63002 |
| 85 | .35359 | .64641 |
| 86 | .33764 | .66236 |
| 87 | .33262 | .67738 |
| 88 | .30859 | .69141 |
| 89 | .29526 | .70474 |
| 90 | .28221 | .71779 |
| 91 | .29655 | .73045 |
| 92 | .25771 | .74229 |
| 93 | .24692 | .75308 |
| 94 | .23728 | .76272 |
| 95 | .22887 | .77113 |
| 96 | .22181 | .77819 |
| 97 | .21550 | .78450 |
| 98 | .21000 | .79000 |
| 99 | .20486 | .79514 |
| 100 | .19975 | .80025 |
| 101 | .19532 | .80468 |
| 102 | .19054 | .80946 |
| 103 | .18437 | .81563 |
| 104 | .17856 | .82144 |
| 105 | .16962 | .83038 |
| 106 | .15488 | .84512 |
| 107 | .13409 | .86591 |
| 108 | .10068 | .89932 |
| 109 | .04545 | .95455 |