

<p>POLICY STATEMENT</p>	<p>The value of a life estate interest may or may not be a countable resource.</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>
<p>BASIC CONSIDERATIONS</p>	<div data-bbox="347 737 498 774"> <p>Life Estate</p> </div> <p>Under a life estate, an individual who owns property transfers ownership of that property to another individual while retaining, for the rest of his or her life (or the life of another person), certain rights to that property.</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> <div data-bbox="215 1245 498 1320"> <p>NON-FBR and FBR COAs</p> </div> <p>If an A/R owns a life estate with powers, its resource value is its full equity value.</p> <p>If an 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> <p>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.</p>

**BASIC
CONSIDERATIONS
(cont.)**

**NON FBR
and FBR COAs**

If an AR purchases a life estate interest in another individual's home the purchase price will be considered a transfer of resource, unless the purchaser resides in the home for at least one year (12 months) from the date of purchase (12 months must be consecutive).

When making the determination of whether the 12 month residency requirement was met look at factors like was the person's mail delivered there, did they pay property taxes etc.. Brief rehabilitation stays or vacations do not necessarily negate the residency but this is a factual inquiry that must be conducted on the particular case. If the AR who purchased the life estate moves out prior to the end of the 12 month period, a transfer of assets penalty must be imposed. The uncompensated value is the full amount paid for the life estate as if the individual never moved into the home.

If purchase price was not for fair market value then a transfer penalty must be applied. If the purchaser's life expectancy is less than the value of the life estate or they make a gift of the life estate impose a transfer penalty.

Remainder Interest

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

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.

**Transfer of Assets
Penalty**

If an A/R transfers life estate interest, consider a transfer of assets penalty on the value of the life estate interest. See [Section 2342](#), Transfer of Assets.

PROCEDURES

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| Step 1 | Obtain copies of legal documents which convey the life estate or remainder interest. |
| Step 2 | Determine if this has been the primary or only residence of the A/R and that it is not the purchase of a life estate in another person's property. If the life estate meets this criteria, exclude the life estate interest value from countable resources. If not, proceed to Step 3. Determine if a transfer of resource penalty should be applied for a remainder interest. |
| Step 3 | <p>If the A/R has purchased a life estate interest in another's home, the following conditions must be met for the value of the life estate interest to be excluded from resources:</p> <ul style="list-style-type: none">• The A/R must have resided in the home for a minimum of twelve months after the date of purchase. If the A/R moves out of the home prior to the expiration of the twelve month period,, it is the same as if the A/R had never moved into the home.• Determine if the purchase price of the life estate was for the fair market value.• Determine if the person's life expectancy is equal to or greater than the value of the life estate purchased.• The life estate must not be gifted to anyone. <p>If the life estate did not meet all of these criteria, impose a transfer of assets penalty. Refer to Section 2342, Transfer of Assets.</p> |
| Step 4 | Verify the CMV, minus any encumbrances, of any property in which an A/R owns a life estate interest, or any liquid asset in which an A/R owns a life estate interest, or in which an A/R owns a remainder interest. Evaluate as a potential countable asset or transfer of asset. |
| Step 5 | If the life estate or remainder interest has a countable resource value that puts the A/R over the resource limit, close/deny the case. If the life estate results in the imposition of a penalty, the penalty may result in denial/closure or in non-payment of the long term care Medicaid services. Refer to Section 2342 . |

Use the following chart to determine the resource value of a life estate or remainder interest. Multiply the CMV, minus any encumbrances, 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 estate holder'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	.32262	.67738
88	.30859	.69141
89	.29526	.70474
90	.28221	.71779
91	.26955	.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