Client and Friend Newsletter

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Deportation Trust: Has Its Time Come? By Beth A McDaniel, JD, CLEA

One of my goals is to provide you with current information -- which may not be in the headlines but is tied to current events. One such issue is whether there are steps a non-citizen can take to safeguard their assets upon deportation.

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Would You Like to Save on Property Taxes? By Sydney J. Sherman, JD

If you are a senior citizen or an individual with a disability, residing in your home in Washington State, you may be eligible for the Property Tax Exemption Program. This program helps lower your property tax bill and freeze your home's taxable value, protecting you from increases in market values as house prices rise. To qualify, you must meet at least one of the following criteria:

You are...

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Continuing Care Retirement Communities– What you need to know. By Beth A. McDaniel, JD, CELA

A Continuing Care Retirement Community ("CCRC") provides seniors with a long-term living arrangement that includes multiple levels of care -- independent living, assisted living, and skilled nursing care -- within the

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Cont: Would You Like to Save on Property Taxes? By Sydney J. Sherman, JD

- You are 62 years of age or older by December 31 of the assessment year;
- ·You are 57 years of age or older and are the surviving spouse/partner of someone who previously qualified; or
- You have a disability which prevents you from working, are a veteran with a service-connected disability rated at 80% or higher, or receive 100% VA compensation.

There are also the requirements of your occupying your home for at least six months of the year and your income must fall within the county-specific limits, though certain medical expenses can be deducted to help you financially qualify.

If you co-own your home with a spouse, registered domestic partner, or co-tenant (a non-spouse or non-partner who shares ownership and lives in the home), only one owner needs to meet the eligibility requirements to qualify for the Property Tax Exemption Program. If your home is in a trust established for your benefit, you are eligible to qualify if you meet the remaining criteria.

The exemption level depends on income, with the highest tier covering excess levies, school levies, and reducing taxable value by up to 60% or $60,000, whichever is greater.

If you were eligible for the exemption in previous years but have not applied, you may be eligible to receive a refund for property taxes paid on up to the three most recent tax years. To qualify, you must meet all eligibility requirements for each of those

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years and submit a separate application for each tax year within three years of its original due date

You can apply for a property tax exemption by submitting an application to your county assessor (the deadline is usually December 31). If you missed this deadline, you should go ahead and apply as your application may still be accepted.

Cont. Deportation Trust: Has its time come?

Preface: I am not an immigration attorney and do not claim any expertise regarding the complexities of becoming a legal US citizen. I also do not pass judgment on anyone's citizenship status. However, since the most recent presidential election, colleagues of mine – both locally and nationally -- have received calls from concerned individuals asking what, if anything, can be done to manage their assets upon deportment.

Creating a trust for a non-US Citizen comes with challenges including estate tax complications and determining the tax number which should be used for the trust.

Terms for such a trust could include. 'During my lifetime and upon my death, the trust assets should be managed and distributed as I have directed; however, if I am deported, or no longer reside in the United States, trusteeship shall transfer to (designated successor Trustee) and the trust assets should be used to provide for my children.

For example, one couple – both non-US Citizens -- has children who

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CONT. DEPORTATION TRUST: HAS ITS TIME COME?

are US citizens.The couple's intention is to appoint their adult son as Trustee and provide him with instructions, that if they are deported, he should sell their home and purchase a more modest residence for him and his siblings to best assure that they have stable housing.

I have not been asked about a 'deportation trust,' and may never be, possibly due to language barriers; however, as individuals are beginning to inquire with colleagues about such trusts, I strive to stay informed and share with you what is being discussed in the legal community.

CONT. CONTINUING CARE RETIREMENT COMMUNITIES– WHAT YOU NEED TO KNOW

same facility.

Washington state law defines a CCRC as an entity which provides continuing care to a resident under a residency agreement. Moving into a CCRC requires an initial buy in, known as an "entrance fee," along with ongoing monthly fees. Entrance fees reportedly average $400,000.00 but range from $40,000.00 to $2 million.To cover this cost, seniors often sell their homes and/or liquidate investments.

Should a resident die while residing in the CCRC, their heirs may receive a portion of the entrance fee, depending upon the terms of the residency agreement.

There are currently approximately 1,900 CCRCs in the United States.

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CONT: Continuing Care Retirement Communities– What you need to know

According to published reports, at least 16 have filed for bankruptcy since 2020, with 10 of those occurring in 2020 alone. Reasons cited for the bankruptcies range from pandemic restrictions, labor shortages, higher wages, and increased supply costs. Unfortunately, when a CCRC goes bankrupt, its residents are not treated as secure creditors, which puts their financial investment at risk.

In 2023, Illinois's largest non-profit CCRC went bankrupt owing $135 million in debt. On July 25, 2024, The Kenney, West Seattle's oldest senior-living complex, with 66 residents, was placed in receivership. According to court filings, it has over $13 million in debt.

In 2023, the Amsterdam at Harborside in Port Washington (Long Island, New York), which has been the subject of recent articles, went bankrupt. It promised luxurious senior living with, for at least one couple, an $800,000.00 entrance fee.

After months of speculation and uncertainty, residents of the Amsterdam were given weeks to vacate. A consequence was many couples had to split up into different facilities due to their requiring differing levels of care. Not only was there an economic loss and great inconvenience due to the bankruptcy, but also an immediate loss of social community.

On February 20, 2025, a judge approved the sale of the Amsterdam and ordered that approximately $42 million from the proceeds be allocated towards the displaced residents' initial entrance

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CONT: Continuing Care Retirement Communities– What you need to know

fees. This will return to them approximately 25% of what they originally paid in. Families of deceased residents will fare even worse, receiving pennies on the dollar from their decedents' entrance fees.

The federal government does not regulate CCRCs. According to Bloomberg, 41 states have some form of state regulations, but only 17 require CCRCs to maintain have a reserve fund.

In Washington State, a CCRC regulatory statute went into effect July 1, 2017. However, the statute does not address consumer protections for CCRC residents, regulate the entrance fees charged, or require CCRCs to maintain reserves .Washington State does not license CCRCs but does require them to be registered with the Department of Social and Health Services. In our state, the Office of the Attorney General handles CCRC residents' complaints. Currently, 23 CCRCs, located in King, Kitsap, Pierce, Snohomish, Spokane, and Thurston counties, are registered in Washington

- According to the Washington Continuing Care Residents Association's ('WACCRA") January 2025 press kit, WACCRA is pursuing legislation in the 2025 legislative session to assure CCRC resident protections, among them:
  - CCRC licensure by the state;
  - Residents' rights and ombuds support;
  - Meaningful enforcement of regulations;
  - Periodic financial reviews by the state;
  - Board of directors' representation;

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CONT: CONTINUING CARE RETIREMENT COMMUNITIES– WHAT YOU NEED TO KNOW

  - state oversight of and requirement for use of a CCRC's funds;
  - Protections of residents' contracts and entrance fees in bankruptcy;
  - Timely repayment of entrance fees; and
  - Guarantee of promised lifetime care
- There are currently two related bills pending in Olympia: SB 5691 and HB 1889.
-

What should you do if you live in a CCRC now?

If you are not already a member, consider joining WACCRA. Per its website, annual dues for March 1, 2025, through February 28, 2026, range from $5 to $30, depending upon the type of membership, with decreased fees for new members. Further, you should reach out to your state representatives to voice your support for SB 5691 and HB 1889 and the increased protections they provide for CCRC residents.

If you are not currently in a CCRC, consider the following:

- **Limited Your Financial Ris**k: It is advisable not to pay more than 25% of your net worth towards a CCRC entrance fee. As one of my peers stated, 'don't move into a CCRC unless you are wealthy enough that you can lose the entrance fee and still have a good life.'
- **Explore Alternatives.** Before contractually committing to a CCRC, first consider communities which offer room, meals, and weekly cleaning on a month-to-month basis -- requiring only a damage deposit and last month's rent, versus a large upfront entrance fee.
- **Review the Contract Carefully.**

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CONT: CONTINUING CARE RETIREMENT COMMUNITIES– WHAT YOU NEED TO KNOW

- Explore Alternatives. Before contractually committing to a CCRC, first consider communities which offer room, meals, and weekly cleaning on a month-to-month basis -- requiring only a damage deposit and last month's rent, versus a large upfront entrance fee.
    - Review the Contract Carefully. Before signing a CCRC contract, have an attorney with the requisite knowledge review the contract. As teams of attorneys and advisors create CCRC contracts, they are complex and highly detailed.

Understand How Your Money is Used. Request documentation from the CCRC explaining exactly how your entrance fee will be used. Transparency is important so that you can best make an informed decision.

In conclusion, while CCRCs offer an attractive, all-in-one-place living arrangement for older adults , it is essential to understand the potential risks. Before signing a contract, explore other options and ensure you have the financial stability to withstand a CCRC's bankruptcy or inability – for any reason – to provide the level of care you may need in the future.

Resources: waacra.org; Washington Office of the Insurance Commissioner's December 1, 2022, Continuing Care Retirement Community Study: Assessment of state and federal CCRC authorities (find link on waacra.org)

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If have questions or wish to make an appointment, please contact our client care coordinator, Margo Passeau, at (425) 296-3121 or margo@bethmcdaniel.com.