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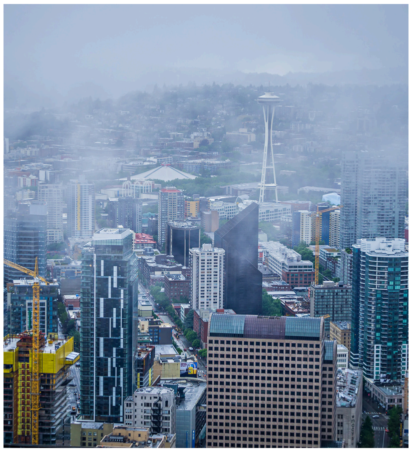
Placing a Loved One in an Adult Family Home – What You Need to Know
By Beth A. McDaniel, JD, CELA

One of the most common residential care settings for older adults who can no longer live independently without significant assistance is an adult family home. An adult family home (AFH) is a...

Cont. on pages 5-9

Estate Tax Planning for Washington Residents in 2026
By Beth A. McDaniel, JD, CELA



Not long after our January 2026 newsletter was finalized, the website of the Washington State Department of Revenue was updated to provide the Washington estate tax exemption amount (exemption amount) for Washington State residents dying after January 1, 2026 ($3,076,000.00). Washington state estate tax is a tax on the right to transfer property. To determine whether estate tax is owed, the value of the decedent's assets is calculated as of the decedent's date of death and then the decedent's liabilities and the administrative expenses

Cont. on pages 2-5

Americans are Drinking Less (The Detrimental Health Impacts of Alcohol)
By Beth A. McDaniel, JD, CELA

Now that 'Dry January' is over, let's talk about the health impacts and Americans' changing habits related to alcohol consumption.

According to an August 2025 Gallup poll, 54%...

Pages 9-11

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CONT: Estate Tax Planning for Washington Residents in 2026

incurred in settling the decedent's estate (burial expenses and the fees associated with the administration of the decedent's estate and/or trust, including tax preparation fees) are subtracted. If the decedent owned a life insurance policy with a million-dollar death benefit, the million dollars is included in the decedent's estate taxable estate. The amount over the exemption amount is subject to estate tax. The tax rate ranges from 10% for those with less than $1 million over the exemption amount, to 35% for estates $9 million or more over the exemption amount.

Like the federal estate tax, the Washington state estate tax is due nine months following the decedent's date of death. If a spouse survives the decedent, and the decedent's assets pass to the spouse, no estate tax is due following the decedent's death due to the unlimited marital deduction; however, estate taxes will be due nine months following the second death. To reduce the estate tax burden following the survivor spouse's death, important estate tax planning should be done while both spouses are alive, including credit shelter trust planning.

Nonresidents may also be subject to Washington estate tax if they own real property or tangible personal property (a boat, vehicle, etc.) located in Washington; however, intangible property owned by nonresidents (stocks, bonds, cash, LLC interests, etc.) are not subject to Washington state estate tax unless they are tied to a business with a Washington situs. Note if a nonresident's home state does not have an estate tax, that individual's Washington-based assets will typically not be subject to Washington State estate tax.

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CONT: Estate Tax Planning for Washington Residents in 2026

Individuals considering relocating out of state primarily to avoid Washington state estate tax should proceed with great caution, as upon death, the estate may be required to demonstrate, to the satisfaction of the Deportment of Revenue (DOR), that the decedent had in fact established domicile in another state. Reportedly, DOR is becoming more aggressive against 'higher-value estates.' Multiple steps should be taken to avoid a DOR's claim that a former resident owes state estate tax. There is no statute of limitations if a Washington estate tax return is not filed, but if a Washington estate tax return is filed, the statute of limitation is four years. Here is a non-exhaustive list of steps that can be taken to prove that domicile has been established elsewhere:

- E-mails and other communications leading up to the move should express excitement about the move and not state the reason forthe move is to avoid state estate tax.
- A resident contemplating such a move should avoid talking to people about being disappointed to have to move for estate tax purposes as those individuals could later be deposed by DOR.
- A convincing amount of time should be spent at the new domicile. Although the new residence does not need to be identical in value to the Washington residence, it should be similar in quality and size. It would likely raise suspicion, for example, if the Washington residence was 8000 square feet and the new residence is 800 square feet.
- It will also likely raise suspicion if prized and valued possessions (cars, toys, jewelry, wine, etc.) remain in Washington.

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CONT: Estate Tax Planning for Washington Residents in 2026

- Memberships (golf, fitness, etc.) should be changed to the new domicile. Any remaining memberships in Washington should be changed to 'non-resident' memberships.
- Doctors, veterinarians, hair stylists, pet sitters etc., should be changed to the new domicile.
- All invoices, bills, etc., should be received in the new domicile.
- Vehicles should be registered in the new domicile and voter registration should be changed to the new domicile.
- It is advisable that any real property still owned in Washington be held in trusts or LLCs domiciled in the other state.
- Relocated individuals should avoid planning international trips through SEA as the DOR would then consider every day spent overseas as a day in Washington.

Although an out-of-state move may seem 'practical' for estate tax purposes, it may not be realistic especially if children, close family members, or friends continue to reside in Washington as these are likely the individuals relied upon during final years.

Estate tax planning is an important part of protecting your family, your legacy, and the assets you have worked hard to build. Without thoughtful planning, a significant portion of your estate may be lost to unnecessary taxes, administrative costs, and delays, leaving less for your loved ones and charitable goals. Estate tax planning, which may include gifting strategies, utilizing irrevocable trusts, or changing domicile, allows individuals to take advantage of available exemptions, deductions, and strategies to minimize tax exposure, preserve generational wealth, and ensure their wishes are carried out efficiently. Just

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CONT: Estate Tax Planning for Washington Residents in 2026

as important, estate tax planning provides clarity and peace of mind, knowing that you have taken responsible steps to safeguard your loved ones' financial future and reduce the burden on those you care about most.

CONT: Placing a Loved One in an Adult Family Home – What you Need to Know

licensed residential home, typically located in a neighborhood setting, which provides 24-hour care, room, and board for two to six adult residents. These homes serve seniors and adults with disabilities who require assistance with activities of daily living but do not require 24/7 skilled nursing care. AFHs are regulated and licensed by the Washington State Department of Social and Health Services.

There are more than 5,500 adult family homes located in Washington State, including hundreds in Renton alone. With so many available options, selecting the right adult family home can be overwhelming especially as this decision often arises under the emergent circumstance of a hospital or rehabilitation facility advising the family that their loved one can no longer live independently and needs to be placed in an appropriate level of care or they will have to pay the rehabilitation facility privately at a daily rate of $500-600 or more.

In these circumstances, families often rely on the services of a senior placement agency to assist them with selecting an adult family home. To become a senior placement agency in Washington, an individual must obtain the appropriate state, county, and city

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CONT: Placing a Loved One in an Adult Family Home – What you Need to Know

business licenses, and $1 million in professional liability insurance. Once established, they must comply with the provisions of the Elder and Vulnerable Adult Referral Agency Act (RCW 18.330).

There is no education prerequisite or continuing education requirement for an individual to establish, and continue as, a senior placement agency in Washington. In Washington, an 18-year-old who acquires a business license and obtains professional liability insurance can place seniors in adult family homes. It is difficult to determine exactly how many senior placement agencies are operating in Washington as they are not regulated by any state agency. As a result, the state has no mechanism to confirm the senior placement agencies continue to hold the insurance they were required to obtain initially.

Effective January 1, 2012, Washington adopted the Elder and Vulnerable Adult Referral Agency Act (the Act) (RCW 18.330), becoming the first state to create laws and duties for senior placement agencies. At the time. it was revolutionary. Surprisingly, only two states (Oregon and California) have adopted similar laws since.Under the Act, a senior placement agency has the duty to 1) maintain insurance; 2) not create an exclusive agreement with the agency and the client (elder or disabled adult) or between the agency and the provider (adult family home); 3) the agency cannot exclusively refer to providers owned by immediate family members or in which the agency has an ownership interest; 4) the agency's marketing materials must identify the agency; and 5) owners, operators, and employees of the agency are considered mandatory reporters for vulnerable adults when they witness abuse, exploitation,

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CONT: Placing a Loved One in an Adult Family Home – What you Need to Know

improper use of restraint or lack of consent.

Also under the Act, the agency must provide a disclosure statement to the client, which includes the fee paid by the provider to the agency (but only if requested by the client), a description of the services provided to the agency, the frequency of tours of provider facilities provided by the agency, a statement that the client may switch to another agency without penalty, and a statement that the client may file a complaint with the Attorney General for violations including the name, address, and telephone number of the consumer protection division of that office.

If the owner or an employee of an agency has immediate family members who have an ownership interest in the housing or care services to which a client of the agency is given a referral, there must be a provision in the disclosure stating the agency, employee, or an immediate family members has an ownership interest in the supportive housing or care services to which the client is given referral services, and an explanation of that interest.

Along with the disclosure, placement agencies must create an intake form. Pursuant to the Act, the placement agency must maintain records related to all clients and referrals for six years.

It is so important for seniors and disabled adults to have proper initial placement in adult family homes especially as relocating a senior may cause disruption of care, depression, anxiety, and physical decline. It needs to be established prior to placement that the adult family home can safely provide the appropriate level of care and accept Medicaid should the

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CONT: Placing a Loved One in an Adult Family Home – What you Need to Know

senior or disabled adult run out of money.

When selecting a senior placement agency, I highly recommend choosing one who is a member of the Association of Senior Professionals of Washington (ASRP) (asrpwa.og) as this organization sets ethical standards for their member senior placement agencies. Not all senior placement agencies in Washington are members of ASRP. Some agencies are not members of ASRP because they do not adhere to ASRP's ethical standards. Unfortunately, information regarding the senior placement agencies who do not adhere to ASRP's standards is not available to the public.

Senior placement agencies play a helpful and key role in navigating the overwhelming number of adult family home options available to families. Choosing the right adult family home involves many factors including location, lack of regulatory complaints, cleanliness, quality of meals, whether rooms are shared or private, whether the home is owner-occupied, whether a nurse runs the home, and whether the adult family home will accept Medicaid if the client exhausts their funds. Complicating the process is the fact that although senior placement agencies are often advertised as a 'free' service, senior placement agencies are typically paid a commission by the adult family homes which commonly equals one month of care, starting at around $6,000. Although the consumer has the right to know the amount of the commission paid, this information – or the right to know this information – may not be disclosed. It is misleading for consumers to be led to believe that the agency's services are free.

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CONT: Placing a Loved One in an Adult Family Home – What you Need to Know

If the need arises, working with a senior placement agency which upholds the highest ethical standards and is familiar with the adult family homes in the preferred geographical area, is essential.

CONT: Americans are Drinking Less (The Detrimental Health Impacts of Alcohol)

of U.S. adults say they consume alcohol, down from 58% in 2024, and 62% in 2023. Among those who drink, the average number of drinks consumed over a week was 2.8, the lowest figure Gallup has recorded since 1996. Gallup had reported 4 drinks per week over the prior eight years.

As a result of the change in consumption habits and trade tensions, including tariffs, according to Mike Snider's December 26, 2025, USA Today article, 'Bankruptcies Hit US Spirit Makers as Americans Drink and Spend Less,' there were several notable distillery bankruptcies in 2025. In January 2026, Jim Beam paused operations at its main distillery in Claremont, Kentucky.

Breweries have not been immune from bankruptcy. In 2025, for the second consecutive year, brewery closings outpaced brewery openings. In the first half of 2025, beer sales were down 3.1%. For the 52-week period ending July 5, 2025, wine sales dipped 5.9% and spirit sales fell 2.8%. During the same period, ready-to-drink cocktails were up 1.7% and the market for non-alcoholic beer, wine, and spirits continued to grow.

U.S. Adults are consuming less

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CONT: Americans are Drinking Less (The Detrimental Health Impacts of Alcohol)

alcohol for a variety of reasons, including health concerns and budgetary pressures. This trend is no surprise given the well-documented health risks associated with alcohol consumption. According to an analysis of 62 studies summarized by StudyFinds, published in Cancer Epidemiology, and reviewed by Steve Fink on December 28, 2025, alcohol use is consistently linked to breast, colorectal, and liver cancer.

The 62 studies reviewed were published between January 2015 and June 2025 and involved adult participants. The number of participants per study ranged from 80 to 100 million.

According to the studies, breast cancer is the cancer most associated with alcohol consumption, with data from tens of millions of American showing a link in nearly 40% of the studies reviewed. Colorectal cancer was the second most frequently identified cancer, appearing in 13 of the studies, followed by liver cancer appearing in 10 of the studies. Other types of cancers linked to alcohol use in the studies included esophageal, gastric, melanoma, glioma (a type of brain tumor), and multiple myeloma.

Some of the studies found links across beer, wine, and spirits, while in other studies wine or beer stood out more. In a few studies, there were no clear differences between beverage types.

The studies found that heavy drinkers are not the only individuals at risk; even individuals who consume ‘moderate’ amounts – just a few drinks per week – face an increased risk, which grows as both the quantity (how much) and frequency (how often) rise. While there is no

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CONT: Americans are Drinking Less (The Detrimental Health Impacts of Alcohol)

universally agreed-upon 'safe' amount for alcohol consumption, the U.S. Dietary Guidelines suggest women should consume one drink per day or less and men should consume two drinks per day or less. Important, these recommendations represent daily limits rather than averages. For reference, a single drink is defined as 3-4 oz of wine or 1.5 oz of distilled spirits.

Other reasons to limit alcohol intake include impaired judgement and decision making, fatigue, risks of accidents, depression and anxiety, seizures, fatty liver, alcoholic hepatitis, cirrhosis, cardiovascular problems, digestive issues, neurological issues, increased dementia, peripheral neuropathy, weakened immune system, amenia, gout, sexual problems, infertility, osteoporosis, sleep disorders, and increased risk of infections.

If you choose to drink alcohol, please drink in moderation, consume water between drinks, do not drink on an empty stomach, do not drink and drive, and plan for safety.

If you have questions about anything in this newsletter, or would like to update your estate plan, please contact our client care specialist, Margo Passeau at 425-296-3121 or margo@bethmcdaniel.com.

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