

"Mom, I'm home ... FOREVER"
Multigenerational Living: When the family lives together forever.

Intergenerational households are no longer a thing of the past. Tough economic times remind us that pooling resources to share living expenses allow us to "live lean." The decision to share living expenses in an extended family situation may be voluntary, but sometimes it is compelled by not having any better options. The trend is accelerating, reversing the model of nuclear families living in their own separate homes. More than 3.6 million seniors live with their adult children, an increase of 60% since 2000 according to recent figures from the U.S. Census Bureau. Transitioning to a two or three generation household is a challenge that takes planning.

Seniors living under the same roof with younger generations may come about for several reasons, including health, emotional and financial reasons. Sometimes seniors need care, but in other families the senior is providing care for a grandchild or simply keeping the household operating smoothly for a baby boomer who is working long hours.

For whatever reason, it is not unusual for adult children to "take in" Mom or Dad, or vice versa. In some cases, the adult child comes with young children as part of the deal and may involve loss of a job. Benefits of these living arrangements can go beyond financial savings.

Multigenerational housing creates an extended family that can provide cost-effective child care and elder care to its family members. After all, generally most of us prefer to age at home and not in a nursing home, given the choice. It sounds good, but successfully navigating the minefields of intergenerational living requires realistic planning.

Setting up a successful multigenerational household requires managing expectations. Clear communication and goals as to who will be responsible must first be addressed in open conversations. The purpose of the initial conversation is to explore each family member's needs, desires and expectations. If it appears that sharing a home will work, then define the rights, obligations, and responsibilities of each family member and reduce this to writing.

If health concerns are not an issue, creating a sense of privacy and independence is absolutely necessary for the adults in the family. Some families designate specific rooms in the house as common areas and other rooms as off-limits and private. Small changes like adding a mini-kitchen or changing doorways may create private spaces. Other families opt for major remodeling or adding on to the house.

If any family member is over 60 years of age, there should be a written contract covering all financial aspects of the living arrangement. If a family member over 60 makes significant financial contributions to the household without being under contractual obligation, Adult Protective Services could accuse younger family members of financial exploitation. If the senior applies for Medicaid within five years of making such a contribution, Medicaid could count the transfer as a gift and disqualify the senior from receiving benefits. Even worse, the state could try to collect the money that the senior paid to the younger family members. To avoid such financial disasters, the adults must enter into a binding written agreement clearly defining all obligations and financial responsibilities.

Our office is frequently asked about the consequences of putting the parent's name on a child's deed after they move in together. Adding an aging parent to a deed to the house can backfire if the aging parent ever needs the assistance of Medicaid - whether by receiving services in the home or entering a nursing home. Medicaid pays nursing home bills for 75% of those in nursing homes for durations of a year or more. If this is the case, an adult child is at risk of losing their home if Mom or Dad's name was added to the deed. Medicaid will put a lien against a home to recover what the state paid for a parent's long-term care. Another reason not to put Mom or Dad's name on the deed is that it could make the house part of her estate which may have unwanted tax consequences. So, beware that your good intentions are well thought out. Protect all generations with the assistance of an attorney who frequently deals with these matters. Note that there are important planning strategies for adult children who provide care.

If a child and his/her family move in with a parent, should there be provisions in the will about who gets the house? Will everyone be treated equally when Mom dies? Should everyone still be treated equally? What is fair? The playing field has changed so be sure to review estate planning documents to make sure all the bases are covered. Resolve these issues before Mom moves in.

Who gets the tax benefits? Remember that in order to deduct mortgage interest and real estate taxes you must be legally obligated to pay these bills and actually do so. It often is more of an advantage for the working generation to pay and deduct mortgage interest and real estate taxes since they are probably in a higher tax bracket. Mom can reimburse for her share of the expenses, but only if it is clearly defined in a written agreement.

Multigenerational households can provide great benefits for everyone with planning and committing the plan to a written agreement to avoid the pitfalls of what could otherwise be construed as senior financial abuse and Medicaid liens against the adult child's home. **Taking the right steps will enrich the lives of all generations.**

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The firm has an emphasis on intergenerational planning for estates of people of all ages, and for the concerns of elders and their families. This article is for information only and is not to serve as legal advice.