BARNABAS
FOUNDATION

Medicaid Disclosure Document

Please read prior to applying for a Barnabas Foundation Charitable Gift Annuity.

Charitable Gift Annuities provide an attractive way for individuals to make a charitable gift, receive an immediate tax deduction, and retain an income for life. However, changes to Medicaid law in the Deficit Reduction Act of 2005 created new rules that should be considered when establishing a Charitable Gift Annuity. Listed below are key provisions of the law you may wish to consider before making your gift.

1. If you transfer assets for less than fair market value within the "look-back period" of applying for Medicaid, you will be treated as if you divested those assets, resulting in the application of a penalty period in Medicaid. The current look-back period is 60 months for all transfers made after February 8, 2006.

2. The penalty period will begin on the date you are eligible for Medicaid and are receiving long term care services. The penalty period will depend on the amount transferred.

3. Annuities are specifically addressed in the legislation. It would appear from the language of the law that establishing a Charitable Gift Annuity is considered a divestment and would result in a divestment penalty period as described above.

4. If you expect that you may need to apply for Medicaid within the next five years, it is recommended that you speak with a professional advisor before establishing a Charitable Gift Annuity. Experts in the area of gift planning recommend that an individual have enough cash, securities, other investments, or long-term care insurance for five years of nursing home-level care before establishing a Charitable Gift Annuity.

5. If a Charitable Gift Annuity is not appropriate at this time, there may be other ways you could benefit your favorite charity without risking Medicaid disqualification.

For more information about charitable giving options, contact Barnabas Foundation at 888-448-3040.