



James E. De Martino, Attorney
P.O. Box 126 Belvidere, NJ 07823

908-874-5636
(fax) 570-897-6452

New Jersey Elder Lawyer

NEWSLETTERS

- [NJ Elder Law Newsletters](#)

ARTICLES BY JAMES DE MARTINO

- [MONTHLY INCOME OVER \\$2,205?](#)
- [The Alzheimer Prayer](#)
- [Nursing Home Bound?](#)
- [Nursing Home Care](#)
- [Single People](#)
- [Married People](#)
- [What About Medicare?](#)
- [What is Medicaid?](#)
- [What You May Not Know](#)
- [Medicaid Asset Rules](#)
- [Medicaid Joint Accounts](#)
- [Giving Assests Away?](#)
- [Division of Assets](#)
- [Giving Away Money Per Year?](#)
- [Will I Lose My Home?](#)
- [Medicaid Planning Consultaion](#)
- [Regular Estate Planning](#)
- [Caregiver Child](#)
- [When to Bypass a Spouse](#)

[PRINT OR SAVE THIS PAGE](#)



NJ MEDICAID AND PERSONAL SERVICE CONTRACTS

Some NJ Medicaid caseworkers are erroneously informing the public that Personal Service Contracts are no longer allowed.

A Personal Service Contract (or Employment Agreement) is generally utilized where a parent compensates a family member for their time, effort, and energy in performing various tasks.

Such contracts are permitted provided the payment rendered is deemed "reasonable" for the task performed. In preparing such contracts, a ledger should be affixed whereby the "employee" lists:

- a) the nature of service provided
- b) date such service was provided
- c) time spent (in minutes)

Compensation can be made, weekly, bi-monthly, monthly or even deferred to a future date. Compensation should also be reported on an individual's tax return.

Some Medicaid caseworkers have been known to state that the "new law" precludes the use of Personal Service Contracts in long-term care planning. The "new law" (i.e. the Deficit Reduction Act of 2005) makes no such declaration.

Word of Advice: In calculating compensation for a given task performed, bear in mind the following axiom:

"The Pig Principle": little pigs get fed, big pigs get slaughtered.

James E. De Martino is licensed to practice in the State of New Jersey.

Our practice is limited to estate planning, long-term care planning, and NJ Medicaid asset protection.

Elder Law and NJ Estate Planning Strategies

P.O. Box 126 Belvidere, New Jersey , 07823

Phone: 908-874-5636

© James E. De Martino, Attorney

**If you like the design of this web site,
and would like to inquire about the creation of a web site for your own purposes,
contact ingvarg@vipinfoservices.com.**

Site by: [Small Business Blogs and Medicare Health Insurance Facts](#) | [Healthcare Insurance](#) | [Working After Retirement](#)
