

Special Needs Trusts (SNT)

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MUM, DAD, SALLY,
SIBLING1 & SIBLING2

MEET THE FAMILY




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BE AWARE OF ASSETS HELD IN YOUR CHILD'S NAME

Learn the asset levels and maintain accounts for your child so that they will be able to access programming they may need.

Eighteen years of birthdays, holidays etc. can add up quickly




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Grandma's surprise was a surprise to Mum, Dad and SSA too!

Have a talk with the family. Make a plan together to benefit Sally




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UNDERSTAND CUSTODIAL ACCOUNTS

Illinois custodial accounts end at 21: Then it is the child's asset




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Once money is in your name you cannot give it away to qualify for benefits

Giving away resources to be eligible for SSI could result in being ineligible for up to 36 months




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Discussing options with your attorney is vital. Don't leave for tomorrow what you can accomplish for your child today.

In the long run creating a Trust (an SNT) to protect money for your child who may be on "need based" benefits will pay off.

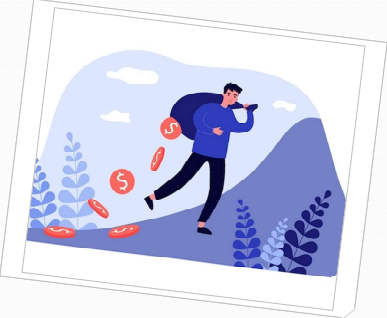


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You were supposed to save that money for Sally!

The pitfalls of leaving funds to a sibling for the benefits of your child with a disability are many.



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Know the government programs that are or may be available

- Supplemental Security Income (SSI)
- Social Security Disability Program (SSDI)
- Snap (food stamps)
- Medicare
- Medicare cost sharing: (help with part B)
- Medicaid: different kinds
 - Affordable care act (ACA)
 - Aid to aged Blind and disabled (AABD)
 - Waiver programs (home and community based services)

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How can you provide for your child and still maintain these programs

- Asset/resource limited to \$2000 in the SSI program and the Medicaid AABD Program.
- Other programs have additional asset restrictions

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Certain assets can be excluded

- The home you live in
- One vehicle
- Household good/personal items
- Life insurance with face value of \$1,500
- Burial plots or spaces
- Burial funds
- ABLE accounts
- Special Need Trusts (SNT)

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What are Special Needs Trusts

- Contain specific language required by ssa and Medicaid in order to exempt the assets within the trust
- They preserve eligibility for needs based governmental benefits
- There are three main kinds of SNTs

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BUT first what are the terms to understand in a trust

- Grantor
- Trust
- Trustee
- Beneficiary
- Remainder Beneficiary
- Testamentary

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First and Third Party Trusts

FIRST PARTY

- Source of funds: this money belongs to Sally (PI award, inherits, settlement etc.)
- Grantor: who can write it? Sally, parents, grandparents, guardian, court. Grantor limited by law.
- Beneficiary (person with disability) Sally must be under 65 years of age
- Irrevocable: must be irrevocable
- Payback Rule: Monies remaining in Trust upon passing of Sally are used to reimburse Medicaid payments made for Sally

THIRD PARTY TRUST


- Source of Funds: family, friends, anyone BUT never Sally
- Grantor: family, friend, anyone BUT not Sally
- Irrevocable or revocable within special circumstance
- No age limit on beneficiary
- No Payback Rule. Monies remaining after Sally passes can be directed to other people via the Trust or Through a Will.

POOLED TRUSTS: can be first or third party. Usually set up by non profits Allows for Professional trustee

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**UNEXPECTED MONEY:
PI SETTLEMENT LIFE
INSURANCE
INHERITANCE**

Sometimes even with planning, the receipt of assets over \$2000 Sally or her parents can create a first party true I.E. Only Sally's money



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ONE THIRD PARTY TRUST

This Box is a Third Party Special Needs Trust: You only need ONE!

TELL FAMILY AND FRIENDS

Everyone (EXCEPT SALLY) can put assets in for Sally's use throughout her life.



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Important considerations when you begin to explore the creation of a special need Trust

- Letter of Intent: letter of instruction for the people who will care for your child.
- What is a trustee and who will the trustee be?
 - Consider:
 - trustworthy
 - Able to keep track of money and how it is spent
 - Understand and know the rules that govern the benefit programs
 - Could be family, friend, corporation (bank or non profit)
 - If family, how will affect relationships

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Disbursements from a Trust

- Must be for the benefit of Sally
- Don't distribute for food/shelter if on SSI
- Trustee needs to make good financial decisions
- Follow direction of Grantor
- See handout

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ABLE Accounts

- A savings account for Sally that will not affect her eligibility

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Guardianship / Special Needs Trusts

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