

What's In It For Me?

Empowering Your Finances
Preserving Your Benefits



Presented by: Midwest Special Needs Trust
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Beginning Questions

- ▶ Who has heard of Midwest Special Needs Trust?
- ▶ Who has heard of Special Needs Trusts?
- ▶ Who has heard of ABLE Accounts?
- ▶ Who has heard of the Charitable Grant Program?



Goals for Today

- ▶ Financial options available to persons with disabilities that allow preservation of assets and protection of public benefits
 - ▶ Special Needs Trusts
 - ▶ First Party Trusts
 - ▶ Third Party Trusts
 - ▶ Pooled Trusts
 - ▶ ABLE Accounts
- ▶ The availability of the Charitable Grant Program to persons with disabilities who meet certain guidelines



Terminology

- ▶ Trustee- The person or agency that holds trust assets and has legal authority and fiduciary responsibility for administering the trust. MSNT is Trustee for all MSNT trusts.
- ▶ Co-Trustee- The person designated in the trust agreement responsible for working with MSNT, the Trustee. This person is responsible for making appropriate distribution requests that will increase the quality of the beneficiary's life by supplementing public benefits or other available resources.
- ▶ Beneficiary - The person with a disability for whom the trust is established
- ▶ Revocable - A revocable trust allows the Settlor or Co-Trustee, as authorized in the trust agreement, to withdraw or terminate the trust by written request
- ▶ Irrevocable - A trust that cannot be changed or terminated by the Settlor
- ▶ Medicaid Payback - A first party special needs trust established with assets of the person with a disability is considered an exempt asset. The trust remainder at closing is subject to claim by any state Medicaid program for medical expenses paid for the Life Beneficiary during their lifetime
- ▶ Donor/Settlor - The person whose resources fund the trust

Abbreviations

- ▶ MSNT-Midwest Special Needs Trust
- ▶ SNT-Special Needs Trust



Special Needs Trusts and ABLE Accounts

IMPORTANT TO REMEMBER!

Both the Special Needs Trust and the ABLE Accounts are financial planning tools intended to work the same way:

To give individuals with disabilities the ability to save without losing their public benefit eligibility.

The personal financial situation of the individual-and the specific circumstances-will determine which is the most beneficial or if the answer is BOTH!



What is a Special Needs Trust (SNT)?

- ▶ Established for the sole benefit of the beneficiary with a disability
- ▶ Financial planning tool available to individuals, families and friends
- ▶ Utilized for supplemental needs, not basic support
- ▶ Governed by trust language and applicable statutes
- ▶ Attorneys, banks, and pooled trusts are options for establishing and administering special needs trusts
- ▶ Considered an exempt asset for SSI, Medicaid, Food Stamps, and HUD housing
- ▶ Must have a Social Security verifiable disability
- ▶ Trustee oversight



Special Needs Trusts-First Party Trusts

- ▶ First Party or Self Settled Trusts
 - ▶ Established by a parent, grandparent, guardian, or the court for the benefit of a disabled individual under the age of 65
 - ▶ The disabled individual can establish their own trust
 - ▶ Beneficiary's assets
 - ▶ Typical sources of funds:
 - ▶ Back payment from Social Security
 - ▶ Unplanned inheritance
 - ▶ Settlement from a lawsuit
 - ▶ Irrevocable
 - ▶ Minimum balance dependent on organization
 - ▶ No upper cap
 - ▶ Medicaid Payback Required



Scenarios for Discussion

- ▶ Kelly, a 9 month old with a physical disability, receives a personal injury settlement in the amount of \$300,000. Would a First Party Trust be appropriate?
- ▶ Joseph, a 12 year old with a developmental disability, receives an unplanned inheritance from his grandmother. Would a First Party Trust be appropriate?
- ▶ Susie is 36 years old and was diagnosed with a disabling mental illness. She receives a Supplemental Security Income back pay of \$16,000. She is also a recipient of Medicaid. Would a First Party Trust be appropriate?
- ▶ Kyle is 58 years old and has a developmental disability. His parents planned for his inheritance to go directly to a special needs trust. Would a First Party Trust be appropriate?



Special Needs Trusts-Third Party Trusts

- ▶ Third Party Trusts
 - ▶ Established by a donor-typically designed as part of the donor's estate plan
 - ▶ Donor's assets
 - ▶ Typical sources of funds include: Personal Funds, Life Insurance Policies, Wills, Estates, Investments, and Retirement Accounts
 - ▶ Can be revocable or irrevocable
 - ▶ Upon beneficiary's death, assets are distributed per donor's wishes
 - ▶ Minimum balance dependent on organization
 - ▶ No upper cap
 - ▶ No age limit
 - ▶ No Medicaid Payback



Scenarios for Discussion

- ▶ Heath is a 3 month old with a seizure disorder. His grandparents want to fund a trust for him with their life insurance policy. Would a Third Party Trust be appropriate?
- ▶ Xavier is a 5 year old with a disability. His family has decided to save money for him, each contributing up to \$5,000. Would a Third Party Trust be appropriate?
- ▶ Connie is a 45 year old with a mental illness. Connie's mother left her an \$80,000 inheritance. The will directed the funds to go directly to a special needs trust. Would a Third Party Trust be appropriate?
- ▶ Sandy is 60 years old with a physical disability. She receives an unplanned inheritance of \$14,000. Would a Third Party Trust be appropriate?



Special Needs Trusts-Pooled Trusts

- ▶ Pooled Trusts
 - ▶ Same rules apply as a First Party and Third Party Trust
 - ▶ Established by a nonprofit organization
 - ▶ Low Minimum Balance
 - ▶ Funds placed in a pooled trust are invested together to maximize the return on investments, but each beneficiary's account remains his own.
 - ▶ Nonprofit organization retains a percentage at closing to support its charitable mission



Scenarios for Discussion

- ▶ Jacob, 1 years old, received a personal injury settlement of nearly \$200,000. His family goes to a bank to set up a special needs trust. The bank does not accept the trust because the trust assets do not meet their minimum balance. Would a pooled trust be appropriate?
- ▶ Martha is 64 years old and resides in a nursing home. She received an inheritance from her aunt. The \$6,000 inheritance will make her ineligible for her Medicaid benefits. Would a pooled trust be appropriate?
- ▶ Ann is 22 years old with a mental illness. She receives an unplanned inheritance of \$95,000. The attorney administering the will tells Ann she needs a special needs trust. He does not have the staff to provide the correct oversight for this type of trust. Would a pooled trust be appropriate?
- ▶ Brian, 42, lives in a group home and receives waiver services through the Department of Mental Health. His grandparents want to help with his financial needs, but do not want to affect his Medicaid waiver. Would a pooled trust be appropriate?



Midwest Special Needs Trust-Who are we?

- ▶ Created by Missouri Statute in 1989 to serve the public
- ▶ Staff and Board of Trustees have family members with disabilities.
- ▶ Governor-appointed Board committed to accessibility & affordability
- ▶ Nonprofit 501(c)3
- ▶ Serves Missouri and contiguous states
- ▶ Receives no state or federal appropriations
- ▶ Special Needs Trusts are what we do-our expertise!



As Trustee, MSNT provides-

- ▶ Expertise about public benefits along with statutory and policy requirements for special needs trusts
- ▶ Relieves family burden of dealing with eligibility authorities to document the trust as an exempt asset
- ▶ Staff with expertise in working with individuals and families with disabilities
- ▶ Board with expertise in policy regarding individuals with disabilities



As Trustee, MSNT provides-

- ▶ Affordable opening fees including a sliding scale
- ▶ Reasonable administrative fees
- ▶ Low minimum account balance of \$1000
- ▶ Investment options available
- ▶ Amendment authority to keep trust in compliance with evolving Social Security requirements
- ▶ Program benefits other people with disabilities through the MSNT charitable Grant Program
- ▶ 30 Years of experience



MSNT-SSI & Medicaid Eligibility

- ▶ MSNT trusts specifically exempted as a countable asset by MO Family Support Division policy
- ▶ MSNT recognized pooled trust by the Social Security Administration
- ▶ Standardized responses for new applicants and re-investigations regarding public benefits
 - ▶ MO Family Support Division for Medicaid
 - ▶ SSA compliant with most recent Trust Review Process



Allowable Distributions

- ▶ Medical, dental and equipment not covered by benefits
- ▶ Supplemental or support services not covered by benefits
- ▶ Rehabilitation training and therapy not covered by benefits
- ▶ Education, including tuition, books and supplies
- ▶ Irrevocable prepaid burial policies
- ▶ Clothing
- ▶ Non-food grocery items, such as cleaning, personal care and hobby supplies
- ▶ Transportation expenses
- ▶ Personal property, including household goods and furnishings
- ▶ Travel expenses
- ▶ Home modifications for accessibility or equipment for home care
- ▶ Phone, cable, internet service
- ▶ Entertainment items and events



Closing a Special Needs Trust-MSNT

- ▶ First Party Trusts:
 - ▶ If used, 25% of the remainder balance is contributed to the Charitable Grant Program
 - ▶ Medicaid Payback Required
 - ▶ Any remainder funds after Medicaid Payback are distributed to the named remainder beneficiaries
- ▶ Third Party Trusts:
 - ▶ If used, 25% of the remainder balance is contributed to the Charitable Grant Program
 - ▶ No Medicaid Payback Required
 - ▶ Remainder funds are distributed to the named remainder beneficiaries



What does ABLÉ stand for?

The Stephen Beck, Jr.,
Achieving a Better Life
Experience Act of 2014



What is an ABLE account?

- ▶ Available as a financial planning tool for persons with disabilities and their families
- ▶ Similar to college 529 savings plans
- ▶ Provide autonomy and independence for individuals
- ▶ Individuals must be disabled before the age 26
 - ▶ Disability determined by Social Security
 - ▶ Certified by a doctor
- ▶ Only one (1) account per person
- ▶ Can be established in any qualified state-Missouri tax deductions are only for accounts established in Missouri



What is an ABLE account?

- ▶ Up to \$15,000 in deposits per year
- ▶ Anyone may contribute
- ▶ If employed, additional funds can be contributed
- ▶ Maximum account accumulation varies by state-Missouri \$462,000
- ▶ SSI benefits are suspended if the account exceeds \$100,000
- ▶ Required Medicaid Payback-back to when account was open



Qualified Disability Expenses

- ▶ Assistive technologies and personal support
- ▶ Education
- ▶ Housing
- ▶ Health and Wellness
- ▶ Transportation
- ▶ Employment Training and Support
- ▶ Financial Management and Administrative services
- ▶ Expenses, including funeral expense, after death



Scenarios for Discussion

- ▶ Janie, 6 months old, is born with a developmental disability. Her grandparents want to save money for her future needs and plan to give her \$10,000 a year. Is an ABLE account appropriate?
- ▶ Thomas, 8 years old, has a TBI from a personal injury. He receives nearly \$12,000 from his personal injury settlement. His family is planning on utilizing the funds for qualified disability expenses. Is an ABLE account appropriate?
- ▶ Joan, 30 years old, was disabled before the age of 26. She receives an unplanned inheritance of \$8,000. Is an ABLE account appropriate?
- ▶ Michael, 55 years old, suffers a heart attack and is no longer able to work. SSA determines he is disabled and he starts receiving SSDI. He receives a small SSA back pay that will put him over the asset test for Medicaid. To ensure he remains eligible for Medicaid he would like to open an ABLE Account. Is an ABLE account appropriate?



Missouri State Treasurer

- ▶ Signed a partnership agreement
- ▶ Began free online enrollment in MO ABLE accounts on April 24, 2017 becoming the 20th state to establish
- ▶ Participating in a consortium of Georgia, Kentucky, Ohio and Vermont
- ▶ MO ABLE accounts are powered by the Ohio STABLE platform-praised for its ease of use and low fees
- ▶ www.moable.com



Comparative Analysis- Special Needs Trusts vs ABLER Accounts

A Special Needs Trust may be a better option-

- ▶ When the annual contribution rules are too restrictive
- ▶ When paying for “disability related” and “non-disability related” needs are important to the donor or beneficiary
- ▶ When multiple accounts are necessary or preferred
- ▶ When disability occurred after beneficiary turned 26
- ▶ To protect third party assets from Medicaid payback, allowing the donor to name other remainder beneficiaries
- ▶ When a professional trustee with special knowledge of disability services and public benefits is essential to protect the interests of the beneficiary



Comparative Analysis- Special Needs Trusts vs ABLE Accounts

The ABLE account may be a better option-

- ▶ When it is desirable for the beneficiary to have more autonomy and independence and the beneficiary has the ability to responsibly manage the account
- ▶ When smaller amounts of money are involved
- ▶ If third party donors are not concerned with Medicaid payback provision
- ▶ For individuals disabled before age 26 who wish to conserve assets after age 65 when transfer penalties apply
- ▶ When wanting to use funds for items unpayable with a Special Needs Trust



Comparative Analysis- Special Needs Trusts vs ABLE Accounts

Both a Special Needs Trust and ABLE Account may be used when:

- ▶ All criteria for a Special Needs Trust and ABLE account are met
- ▶ The proceeds can be divided between the two financial tools for maximum benefit
 - ▶ Supplemental Needs from the Special Needs Trust
 - ▶ Qualified Disability Expenses-including housing and funeral expenses from the ABLE account
 - ▶ Transfer from SNT to ABLE Account as needed

Scenarios for Discussion

- ▶ James is 15 years old with a developmental disability. His grandparents want to give James money each year, and have looked at both the ABLE account and Special Needs Trusts. Which would likely be more appropriate?
- ▶ Sherrie is 45 years old and just became disabled after a car accident and received a personal injury settlement. The Court ordered funds to go into a Special Needs Trust. What type of a Trust would it go into?
- ▶ Michael is a 22 year old receiving a Social Security back-payment. Michael's family also wants to start putting money aside to help with extra expenses. How can Michael and his family accomplish their goals?



Charitable Grant Program

- ▶ In 1993 Congress added provisions for Special Needs Trusts charitable missions
- ▶ Social Security and Medicaid statutes allow MSNT to retain a portion of a trust account balance at its closing before Medicaid payback to be used for our Charitable Grant Program
- ▶ MSNT operates a Charitable Grant Program that serves low income Missourians with disabilities
- ▶ Up to \$1,500 in items or services not otherwise covered by insurance or public benefits
- ▶ Grants can be approved for a wide variety of supplemental needs
- ▶ Two Types of Grant Categories
 - ▶ Urgent Requests-Reviewed Monthly
 - ▶ General Requests-Reviewed Quarterly




Eligibility

- ▶ Disability determined by the Social Security Administration
- ▶ Income eligibility based on Federal Poverty Guidelines
- ▶ Missouri Resident
- ▶ Does not have a SNT or ABLE Account

Application Requirements

- ▶ MSNT Application Form
- ▶ SSI/SSDI Award Letter-Income and Disability
- ▶ Proof of all household income
- ▶ Estimate for items or services requested

 **Social Security Administration**

Date: August 09, 2014
Claim Number: XXX-XX-5913A
XXX-XX-5913DI

ELDON J B

SAN FRANCISCO CA 94103-4215

You asked us for information from your record. The information that you requested is shown below. If you want anyone else to have this information, you may send them this letter.

Information About Current Social Security Benefits

Beginning December 2013, the full monthly Social Security benefit before any deductions is \$1,028.70.

We deduct \$0.00 for medical insurance premiums each month.

The regular monthly Social Security payment is \$1,028.00.
(We must round down to the whole dollar.)

Social Security benefits for a given month are paid the following month. (For example, Social Security benefits for March are paid in April.)

Your Social Security benefits are paid on or about the third of each month.

Information About Past Social Security Benefits



Grants available for:

- ▶ Dental Work
- ▶ Dentures
- ▶ Hearing Aids
- ▶ Eye Glasses
- ▶ Medical Equipment
- ▶ Home Modifications
- ▶ Vehicle Modifications
- ▶ Ramp
- ▶ Orthotics
- ▶ Assistive Devices
- ▶ Specialty Locks
- ▶ Household Items
- ▶ Clothing
- ▶ Camps
- ▶ Educational Conferences/
Classes
- ▶ Communication Devices



General Application Deadlines

<i>Completed application with all supporting documentation submitted to MSNT by -</i>	<i>Will be reviewed & decided at -</i>	<i>Written notice of denial or approval will be sent from MSNT no later than -</i>
March 31	May Board Meeting	May 31
June 30	August Board Meeting	August 31
September 30	November Board Meeting	November 30
December 31	February Board Meeting	February 28



Recently Approved Grants

- ▶ Tammy is 16 years old with a developmental disability. The charitable grant program approved an iPad with a unique app that enables communication between Tammy and her caregivers.
- ▶ Scott is 33 years year old and has a physical disability. The charitable grant program approved a specialized lock to ensure his safety and independence in his home.
- ▶ Fran is 75 with a social security verifiable disability. The charitable grant program approved hearing aids that were not covered by insurance.
- ▶ Anthony is 2 years old with a developmental disability. The charitable grant program approved sensory equipment to enhance his daily life.



Ending Questions

- ▶ What is Midwest Special Needs Trust?
- ▶ What are the ABLE Accounts?
- ▶ What is a Special Needs Trust?
- ▶ What is the Charitable Grant Program?



Contact Information

Midwest Special Needs Trust

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Columbia, MO 65205

Phone: 573-256-5055

Toll free: 877-239-8055

Fax: 573-303-5866

Email: mftbt@midwestspecialneedstrust.org

Web: www.midwestspecialneedstrust.org

Business Hours: Mon-Fri 8:00 am-4:30 pm



Other Available ABLE Accounts

- ▶ Ohio STABLE accounts-online nationwide
www.stableaccount.com
- ▶ Tennessee ABLE TN accounts-online nationwide
www.abletn.gov
- ▶ Nebraska ENABLE accounts-online nationwide
www.enablesavings.com
- ▶ Iowa IABLE accounts-online nationwide
www.iable.gov



Other Available ABLE Accounts

- ▶ STABLE Kentucky program-online nationwide
www.stablekentucky.com
- ▶ Kansas ABLE-online nationwide
<https://savewithable.com/ks/home.html>
- ▶ Illinois able-online nationwide
<https://savewithable.com/il/home.html>

ABLE National Resource Center
www.ablenrc.org