



Special Needs Planning and Wealth Management

When you have a child or other family member with special needs, you face unique wealth planning challenges that other families may not. You need to be aware of the strategies, tools and techniques available to help ensure continuing care, preserve government benefits and balance the needs of your other family members with those of your loved one with special needs. This checklist will guide you through the critical steps of putting a sustainable, long-term financial strategy in place.

Ensuring Continuing Care

HAVE YOU FORMED A SPECIAL NEEDS ADVISORY TEAM? YOU WILL NEED:

- ☐ Medical Team and Social Worker
- ☐ Elder Law Attorney
- ☐ Accountant
- ☐ Financial Advisor

HAVE YOU DOCUMENTED YOUR WISHES FOR CONTINUING CARE?

- ☐ Create a will
- ☐ Appoint a guardian
- ☐ Create a letter of intent to serve as a guide for a guardian, trustee or other caregivers
- ☐ Consider a health care proxy

HAVE YOU TALKED WITH LOCAL PUBLIC OR CHARTER SCHOOL ADMINISTRATIONS ABOUT:

- ☐ Early Intervention Programs
- ☐ Individualized Education Plans
- ☐ 504 Plans

Note: Programs to Offset Private School Tuition May Also Be Available

DOES YOUR SPECIAL NEEDS FAMILY MEMBER QUALIFY FOR:

- ☐ Supplemental Security Income (SSI)
- ☐ Social Security Disability Income
- ☐ Medicare
- ☐ Medicaid



Preserving Government Benefits for Your Special Needs Family Member

A Third-Party Special Needs Trust can provide your family member with special needs with assets that will enhance his or her lifestyle, while maintaining eligibility for government benefits.

CREATING A SPECIAL NEEDS TRUST

- ☐ Consult with an estate planning attorney who has an understanding of this specialized area
- ☐ Establish a special needs trust for the benefit of your family member with special needs
- ☐ Designate a trustee capable of executing trust provisions
- ☐ Fund the trust with cash, securities or a life insurance policy

Assets in the trust are generally distributed directly to health care, social services or education providers, thereby enabling you to pay for these services without actually giving your child income that may disqualify him or her from receiving government benefits. Or, the trustee can arrange to supplement government benefits with resources and amenities that will enable your child to enjoy a higher standard of living.

Combining a Structured Settlement With a Special Needs Trust

Income derived from a Structured Settlement can disqualify an incapacitated family member from Medicaid and Supplemental Security Income. Combining a structured settlement with a special needs trust can obviate this situation:

- ☐ Consult with an estate planning attorney who has an understanding of this specialized area
- ☐ Establish a special needs trust with the plaintiff designated as beneficiary
- ☐ Appoint an independent third-party trustee
- ☐ Arrange for the structured settlement to provide periodic payments to the special needs trust
- ☐ The trustee uses trust assets to pay for living expenses on behalf of the individual with special needs above what government benefits provide

Choosing a Trustee

It's tempting to choose a family member or close friend who knows your child, understands the issues and is more or less the same age so that he or she can serve as trustee for as long as your child lives. Corporate trustees, on the other hand, may seem an impersonal choice, but they understand what's required and may be a viable option if you can't identify an appropriate individual who is willing and able to take on the responsibilities of the trustee role. Whomever you choose must have the time, skill, judgment and objectivity to perform a wide range of duties including investment management of trust assets, distribution of income and principal for qualified purposes and preparation of trust tax returns.

Balancing the Financial Needs of Special Needs Children With Those of Other Family Members

The plan you develop for your child with special needs should be part of a more comprehensive plan you create for your family. As a result, it should balance the unique needs of that child with your overall retirement, estate and other planning goals.

DOES YOUR ESTATE PLAN:

- ☐ Provide a degree of control over important personal issues such as health care and guardianship?
- ☐ Provide the liquidity needed for estate taxes and expenses?
- ☐ Potentially help reduce estate taxes?
- ☐ Specify philanthropic wishes?
- ☐ Reduce the likelihood of family disputes?
- ☐ Protect privacy and avoid distribution delays?
- ☐ Protect assets inherited by children from creditors, failed resources, etc.?

Communicate Your Plan With Your Family

Once you create a plan, share it with your family members so each of them understands what you've done to enhance their financial security. It can be difficult to broach this conversation with family members and aging parents. Consider asking your Financial Advisor to hold a family meeting to communicate your plan, or draft a family planning letter.

Let's get started today. Please call or email for an appointment at your convenience.

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