

# SPECIAL NEEDS TRUSTS (SNT) 2017

*THIRD PARTY SPECIAL NEEDS TRUSTS, 1<sup>st</sup> PARTY SPECIAL NEEDS  
TRUSTS ('93 OBRA PAYBACK TRUSTS), & ABLE ACCOUNTS*



# *PRIMARY BENEFIT OF THIRD PARTY TRUST OVER ABLE ACCOUNT*

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- WITH A THIRD PARTY SPECIAL NEEDS TRUST, SINCE THE ASSETS NEVER BELONG TO THE DISABLED PERSON, THE REMAINDER MAY GO TO ANY PERSON OR ENTITY THE GRANTOR DESIRES. Most are funded with monies from a parent or other relatives estate.
- An ABLE (Achieving a Better Life Experience) account ( is for and belongs to the disabled person. The ABLE account may be used to pay back the State for any use of Medicaid by the disabled person during their lifetime, after the ABLE account was established.



- Place to put funds instead of a 1<sup>st</sup> party SNT Trust. The 1<sup>st</sup> party SNT Trust also has to be paid back to the State prior to going to any remainder beneficiary.
- Financial Planner may use as a tool in addition to the Special Needs Trusts.

# *USES FOR ABLE ACCOUNTS*


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# *WHY ARE Special Needs Trusts GREAT?!!*

- Special Needs Trusts allow for parents of a disabled adult to provide for them in a way that enhances their lives. Their child can continue to receive SSI (Supplemental Social Security) for basic needs and Medicaid, and the Trustee can provide supplemental needs with the trust funds such as vacations, entertainment, extra clothing, pre-paid funeral.
- Items which would reduce SSI benefits (shelter-related expenses (mortgage payments, real estate taxes, utility bills); groceries & meals; and cash to the disabled person.

# *SPECIAL NEEDS TRUSTS*

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- If a disabled adult who is receiving SSI and is on Medicaid inadvertently inherits money and they have assets over \$2,000.00 (with some exceptions), then they automatically become ineligible for SSI and Medicaid – however, with the assistance of an attorney, a 1<sup>st</sup> Person Obra '93 Special Needs Trust can be established and the inheritance placed so that the disabled person can continue to receive the benefits. The 1<sup>st</sup> Person Special Needs Trust is a Payback Trust similar to the ABLE account and the Trust must first pay back Medicaid prior to distributing to any remainder beneficiary after the death of the primary beneficiary.
  - ABLE Accounts are limited to \$100,000.00. However, if you have an ABLE account and reached your limit. There are many ways to spend down the account to make sure that the disabled person is taken care of! Pre-paid funerals are one of the best uses of these monies. ABLE accounts also allow for the funds to be used on behalf of the disabled individual for education; housing; transportation; employment training and support; assistive technology and personal support services; health, prevention, and wellness; financial management and administrative services; legal fees; expenses for oversight and monitoring; funeral and burial expenses; and any other expenses approved under regulations.
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***IN CONCLUSION  
SPECIAL NEEDS  
TRUSTS ARE TOOLS  
TO ENSURE  
CONTINUED CARE  
FOR DISABLED  
ADULTS WHO RELY  
ON MEDICAID AND SSI  
(Asset Based Eligibility  
Programs)***

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- All Estate Plans should have a provision allowing the Executor or Trustee to be able to set up a Special Needs Trust for a beneficiary who may be receiving SSI and Medicaid, to ensure that they remain eligible.
  - Setting up a Special Needs Trust NOW ensures that the person you desire to administer the special needs trust will be appointed.
  - If you know anyone with a special needs child, make sure that they know to become guardian when the child turns 18 and that they can protect their disabled adult child by establishing an estate plan that will provide for the child without extinguishing any benefits that they may be receiving.
  - Parents and grandparents can work with their financial advisor and attorney to make sure that their disabled adult children and grandchildren are taken care of.
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