



Presentation To
Opportunity Enterprises

William S. Trowbridge, J.D., M.B.A.



Third Party/Family Special Needs Trusts



What they are



How they work



Benefits



Third Party/Family Special Needs Trusts

Purpose

- To ensure the availability of governmental and private resources to maximize the quality of life of the individual with disabilities.
- Third Party/Family Special Needs Trusts (SNTs) allow money and assets to be set aside by a family member for the benefit of an individual with a disability



Third Party/Family Special Needs Trusts

What they are

The SNT:

- Maintains a disabled individual's eligibility for critical government benefits
- Supplements treatment, services, and care offered by Medicaid & state programs
- Shelters assets from creditors & protects beneficiaries from financial exploitation



Third Party/Family Special Needs Trusts

What they are

The SNT:

- Allows client-centered team to coordinate public benefit funds & trust assets to meet the trust beneficiary's lifetime needs
- Usually established as a part of family testamentary/estate planning



Third Party/Family Special Needs Trusts

What they are

To preserve benefit eligibility:

- Individual beneficiary must meet Social Security definition of disability
- SNT must be irrevocable
- Trustee must have full discretionary authority
- Trust must be carefully drafted



Third Party/Family Special Needs Trusts

IS A SPECIAL NEEDS TRUST NECESSARY?

1. Will the person likely be able to be employed to the maximum extent you would like?
2. What kinds of support will the person need (i.e., housing, home health care, etc...)?
3. Is it *unlikely* that the person will be able to financially support himself or herself?
4. How much money are you able to leave for the person's benefit?
5. Do you want to "keep the money" in the family for the benefit of other children, grandchildren, or other close relatives or give it to the government?



Third Party/Family Special Needs Trusts

- **If the individual is likely to be able to support him/herself, a “typical” estate plan may be all that is needed.**
- **If the person is currently or probably will be receiving governmental aid, a SNT may be appropriate to gain or continue qualification**



Third Party/Family Special Needs Trusts

How It Works.....

- A competent trust attorney creates a living or testamentary SNT
 - Ideally, trustee is independent, bonded and/or insured, and possesses or has access to appropriate expertise
 - A family member transfers assets to the trust, either upon its creation or upon death



Third Party/Family Special Needs Trusts

How It Works.....

- The trustee reviews the lifetime needs of the disabled person
 - Coordinates public benefit programs and the use of trust assets to enhance beneficiary's lifestyle.
 - Maintains compliance with all regulations



Third Party/Family Special Needs Trusts

How It Works.....

- The Trustee may:
 - Provide for accessible vehicles, transportation costs, computers, education, recreation, airline tickets for travel, vitamins and grooming supplies, supplemental custodial/respite care, etc.
 - not pay for “food, clothing & shelter” provided by government programs

Grantor

Creates trust

Assets are Transferred to SNT

SNT

Assets managed to benefit Beneficiary

– Preserves eligibility for public benefits

Distributions made to provide additional support to Beneficiary

Attendant Care

Special Care Support



Medical
May include:
Vision, Dental,
Therapy



Other Vendors

Education
Equipment
Computers



- Covers items not covered by other benefits
- May include purchase of a personal residence

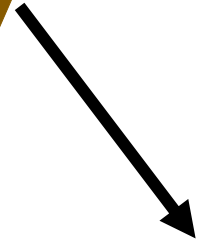
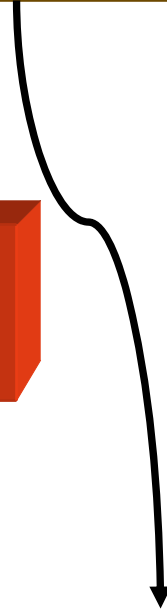
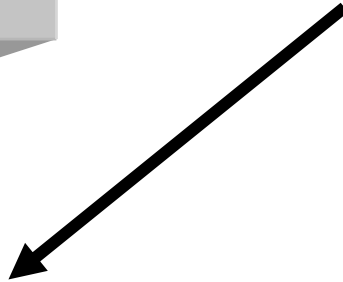
Grantor

**Creates
Trust**



SNT

**Assets managed
to benefit current
Beneficiary**



Attendant Care

Medical

Other Vendors



Remainder Beneficiaries

Children and/or Charitable Organizations



Third Party/Family Special Needs Trusts

Benefits

- **Protects critical public program benefits**
- **Protects assets from creditors of the beneficiary**
- **Allows public benefit funds & trust assets to meet the trust beneficiary's lifetime needs**

Third Party/Family Special Needs Trusts

Summary



A family sponsored vehicle that benefits a person with disabilities by improving quality of life



The trustee works to meet the trust beneficiary's lifetime needs



Protects critical public program benefits



QUESTIONS

