

Special Needs Trusts
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| | First Party Special Needs Trust | Third Party Supplemental Needs Trust | First Party Pooled Trust (Arc Master Trust II) | Third Party Pooled Trust (Arc Master Trust I) | Qualified Income Trust | ABLE Account |
|--|---|--|---|---|---|--|
| Who can create it Grantor/Settlor | Individual with disability parent, grandparent, guardian, court or power of attorney for individual with disability | Anyone but individual with disability | Individual with disability, power of attorney, guardian (person with authorization to access funds) | Anyone but individual with disability | Individual with disability, power of attorney or guardian | Individual with disability, parent, guardian or power of attorney |
| Eligibility criteria | Under 65 at time of creation, funded, and disabled by SSA definition | No limits or requirements | Disability and established before age 65 | Disability; no age limit (\$30,000.00 for Master Trust I) | Have gross income over the benchmark amount. 2019 amount is \$2,313.00. 2020 amount is \$2,349.00 | Onset of a significant disability before age 26. |
| Allowable use | As determined by trustee. Food or housing expenses may generate special issues, as may direct distributions to beneficiary. | As determined by trustee. No required limit on housing or food expenses but may cause reduction in some benefits. Direct distributions to beneficiary may reduce or eliminate eligibility. | As determined by trust administrator. Food or housing may generate special issues. (Supplement not replace government benefits) | As determined by trust administrator. Food or housing may generate special issues. (Supplement not replace government benefits) | For waived services or nursing home care. Payment of qualifying expenses such as medical expenses | Qualified disability expenses including housing, education, transportation, employment training and support, assistive technology, personal support services, health care expenses, financial management and administrative services and other expenses determined by beneficiary; assistance by legal guardian or power of attorney allowable |
| Who Manages assets? | Anyone other than trust beneficiary | Anyone other than trust beneficiary - settlor chooses | Pooled trust account manager | Pooled trust account manager | Power of Attorney or Guardian | State program provider. Account holder can choose state |

*Certified as an Elder Law Attorney by the National Elder Law Foundation

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|------------------------------------|--|---|---|--|--|--|
| Countable as a Resource | No | No | No | No | No. Only concerns income. Income in account does not count as resource | Yes, for SSI if account balance exceeds \$100,000.00 |
| Max Contribution | No limit | No limit | No limit | No limit | Can receive income only but no maximum limit | Gift tax exemption- per year <u>total</u> . Currently, \$15,000.00 total from owner, family, friends, employer and a special needs trust. Note: A Pooled Trust or Special Needs Trust may sometimes make contributions into an ABLÉ account up to the annual limit. |
| Payback Provision | Medicaid: Any benefits paid out during <u>lifetime</u> . State must be named as a remainder beneficiary to extent Medicaid provided. Funds may not be used for funeral expenses prior to payback. Social Security: none | None. Remaining funds may be used for funeral or other final expense, and remaining funds are then distributed to named beneficiaries . | Law allows non-profit handling pooled trust to retain at least some funds. Arc retains 50% and 50% to State to reimburse Medicaid expenses. | Trusts terms control what happens to funds at beneficiary's death. | Yes to the State to the extent Medicaid benefits were paid out. | All outstanding qualified disability expenses, funeral and burial expenses are payable from an ABLÉ account. Remaining funds are subject to state Medicaid payback provision. Any remaining funds are payable to the ABLÉ beneficiary's estate or, if the plan permits, to a named beneficiary. Funds may be used for funeral, burial and qualified disability expenses prior to Medicaid payback. |
| Limit on Number of Accounts | No limit | No limit | No limit | No limit | No limit | 1 per beneficiary. |
| Revocable | No | Trust can be revocable or irrevocable. Beneficiary should not have the power to revoke because this will jeopardize public benefits. | No | Yes, but if funded while alive it becomes irrevocable. | No | Yes, revocable. ABLÉ funds can be transferred to another qualifying individual such as a sibling, half-sibling or adopted sibling. |
| Whose Assets Fund It? | Individual with disability. | Anyone but individual with disability. | Individual with disability. | Anyone but individual with disability | Income of individual with disability. | Anyone subject to yearly limit. |

SPECIAL NEEDS TRUST

Centier Financial Partners is a team of knowledgeable, credentialed professionals with decades of experience guiding our clients from simple to complex trust relationships; from decisions involving disbursements, treatment of beneficiaries, investment choices, and a myriad of other financial and administrative decisions.

Centier Financial Partners has a fiduciary obligation to act in your best interest. As a fiduciary we have the experience and integrity to exceed your service standards and deliver results that align with your intentions. We uphold these standards as a team to help you grow and protect your wealth in Trust.

Centier Financial Partners has worked diligently to build an experienced, credentialed team capable of handling your unique special needs trust relationship. We partner with your legal advisors as they work to draft the best possible solution to providing long term financial support to the beneficiary. These are never easy situations, and the responsibility of providing care can be challenging. We believe a corporate trustee, with expertise in these matters, is the right choice.

Centier Financial Partners will administer the relationship locally, meaning the decision making and service responsibilities happen here, by a team of trust professionals. These professionals work to provide the highest level of service and to understand the intentions of the grantor as provided in the document. Centier Financial Partners realizes that your primary motivation in establishing this trust is to provide care and support. We are committed to serving you and your family, exceeding your expectations.

A Solution That Delivers

Our Special Needs Trust Services are designed to benefit your loved ones living with a disability. A Special Needs Trust offers both immediate and long-term support to:

Meet current, and future, cash flow needs.

The management of trust assets, whether from an out-of-court settlement, a court award, provision from a loved one's will, or other source, will be closely monitored by a seasoned professional.

Preserve government benefits.

A Special Needs Trust is the only option that allows the beneficiary of the trust to use trust funds to pay for quality-of-life activities and still potentially qualify for Supplemental Security Income (SSI), Medicaid, and other state and federal programs.

Add to the richness of life.

We can arrange for assets within the trust to be utilized for recreation, education, and custom-living arrangements.



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(219) 755-6110



Trustee Services

Perhaps the most important and advantageous element of establishing a Special Needs Trust is selecting a knowledgeable trustee. The day-to-day administrative tasks of bill pay, review, court accountings, and other trust-related duties are extensive. Effective administration of a Special Needs Trust requires an intimate understanding of the nature of the Beneficiary's disability, the needs of the Beneficiary, the family relationship, and the family's expectation toward distributions.

Advantages of a Special Needs Trust

Preserve government benefits, such as Social Security, Medicaid, and other state and local programs. Provides income to supplement government programs. Helps to meet long-term expenses. Enhances the quality of life by providing financial support for life-enhancing services include education, recreation, custom living arrangement, social services and companionship. No probate required.

Appointing Centier Financial Partners as Trustee offers several advantages:

KNOWLEDGE

Knowledge of federal, state, and local laws and assistance programs

EXPERTISE & EXPERIENCE

- Administering to special needs trusts
- Professional investment and asset management experience

SERVICE

- Seamless services throughout the disabled beneficiary's lifetime
- Comprehensive reporting/recordkeeping
- Coordination of tax preparation



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Risks of amateur trustees

More and more affluent families are turning to trust-based solutions for their wealth management and inheritance problems. However, a trust is only as good as its trustee. Have you been asked to serve as trustee, perhaps for a parent's trust? Do you plan to ask your child to be your trustee? Although such a course of action may be a natural impulse, it may not be the best approach.

A family member has the advantage of personal understanding of the trust beneficiaries, and that is no small thing. Unfortunately, family members usually lack experience and ability in several other crucial areas.

Amateur trustees—watch out for these traps

There are many ways for a trustee to fail to meet the obligations of sound trust management.

Faulty records. There's much more to trust accounting than balancing checking accounts and keeping track of portfolio statements. Income, asset values and distributions must be reported to the beneficiaries on a regular basis. "Beneficiaries" refers not only to those who receive current trust income, but also to those who will receive the assets when the trust terminates. We suggest a team approach, including a trust attorney, a tax professional and an investment manager. *Note: We are pleased to serve as agent for a trustee!*

Failure to diversify. Laws governing the prudent investment of trust assets vary from state to state. In general, concentration of assets should be avoided. According to many experts, a red flag should go up when any one holding accounts for more than 10% of a trust. Problems with that holding could lead to lawsuits by disgruntled beneficiaries against the trustee. On the other hand, the person who creates a trust may override the diversification requirements. For example, shares in a family business could be exempted from the diversification mandate.

Biased distributions. One of the most important benefits of trust-based wealth management is delivery of financial resources to multiple generations, today and in the future. Trouble is, finding the appropriate balance between current and future interests is not easy. Trustees need to document reasons for allowing or denying invasion of a trust for particular beneficiaries, for example. What's more, the investment strategy chosen for a trust may inadvertently favor some beneficiaries over others. When a family member is a trustee, the issue of bias can become quite emotional.

Expecting a payday. Trustees should be paid, but beneficiaries don't always see it that way. When the trustee is a family member with an interest in the trust, the payment issues can be especially sensitive. Compensation matters should be settled before the trustee assumes the duties of trust management.

False sense of safety. Some amateur trustees assume that, given their relationships to the family and trust beneficiaries, their work won't be scrutinized closely. Not so. The role of trustee has potentially unlimited liability. Trustees may be called to account for their investment choices, as well as for the quality of their fiduciary judgments about trust distributions.

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Consider the professional alternative as *your* trustee

Given the complexities of modern trust management, one would expect that businesses, such as trust companies and bank trust divisions, would become available to meet the need. One would be absolutely correct! That's us!

Key qualifications that we bring to the table:

- *Integrity.* The single most important qualification for any trustee is ... trustworthiness. A trustee must live up to standards higher than those that prevail in everyday business.
- *Investment experience.* A trustee may be called upon to consider the current income needs of a surviving spouse and the capital growth needs of two children who face heavy education expenses in years to come, and then to come up with an investment program that does justice to both requirements.
- *Administrative know-how.* A trustee must make sure that trust assets are properly titled and safeguarded, collect income and distribute or reinvest it as the terms of the trust direct, and perform any number of other chores.
- *Tax and accounting capabilities.* A trustee must be aware of federal and state tax requirements, keep detailed, accurate records, and submit timely reports to beneficiaries.
- *People skills.* The ability to serve as a trustworthy financial advisor, both for the individuals who create trusts and the beneficiaries that they name, may not be a formal requirement of trusteeship, but it's important nonetheless.

We offer you our technical skills and our financial and auditing infrastructure for the successful implementation of your trust plan. Most importantly, we offer you our experience as trustee. It's a truism that every wealthy family is different, and so is every trust plan. Yet all trust management is governed by the legal standards of *fiduciary duty*. We've seen a range of family circumstances, of market environments, of trust purposes and objectives. We invite you to put our experience to work for you and your family.

Shall we discuss your needs?

We invite you to learn more about our capabilities as trustee for your family. You may designate us to serve as sole trustee, or as cotrustee along with family members. Call on us to discuss the possibilities.

Why choose Centier Financial Partners as your Corporate Trustee?

Centier Financial Partners provides professional trust and investment management to our clients in a fiduciary capacity. Simply put, fiduciary means we are required to act in YOUR best interest. Decisions we make, investments we purchase, and advice we offer is 100% subject to the fiduciary standard. But what does Centier Financial Partners do as a Corporate Trustee?

Education & Communication - A good trustee is a good teacher. Trusts are not always simple, and we educate beneficiaries possessing a wide range of understanding and maturity. Centier Financial Partners explains the trust provisions and helps beneficiaries understand the legacy and intent of the grantor. As an objective party we are not subject to family dynamics or changes that can happen after a transfer of assets or death. As your fiduciary we are comfortable handling challenging situations in keeping with your documented intent.

Administration - Trust administration starts with ensuring that all pertinent terms of the trust are adhered to, according to the applicable law. Centier Financial Partners maintains accurate records and reports for beneficiaries, which includes; detailed accounting of distributions, fees, taxes and cost basis, Taxes are filed and paid on a timely basis, in cooperation with your or your family's advisors. We ensure that trust property is protected and trust expenses are paid. As Centier manages all of these duties, we also keep all interested advisors and parties informed of their actions.

Distribution - Centier Financial Partners as trustee calculates and executes the appropriate amount of distributions as required by the trust document. In making discretionary distribution decisions, we must also consider tax consequences, the needs of the future beneficiaries, and any other parameters set forth in the trust document, such as consideration of the beneficiary's other resources.

Investment Oversight - The financial health of the trust requires appropriate investment oversight by Centier Financial Partners. We must ensure that investment decisions are made in accordance with provisions of the trust document and the Indiana Uniform Prudent Investor Act. In the interest of asset protection, we monitor and evaluate asset allocation, diversification and risk tolerance, and plan for current and remainder beneficiaries.

Centier Financial Partners is a high performing, local trust team who performs these duties seamlessly each day for our clients, acting in accordance with the intentions of the grantor, the legal requirements of the trust document, and in a manner that honors and supports healthy family dynamics.

What is the cost for our services? Centier Financial Partners typically charges between 1 – 2% of assets to act as trustee and handle your estate, with most trust work falling in the 1 – 1.25% range. The reason for the range is to allow for unusual assets or additional work (valuations, special filings, etc.) required to properly address the provisions of your document. We invite you to sit down with a member of the Centier Financial Partners team prior to making any decisions. You will understand the value of engaging a fiduciary partner providing world class service.

Thank you for your consideration. Please contact us at (219) 755-6110 to set an appointment.

