

UNDERSTANDING YOUR 3rd Party Special Needs Trust

A special needs trust can be a valuable tool that preserves an individual's needs-based public benefits, especially Medicaid and Supplemental Security Income (SSI). There are precise requirements for the special needs trust to be structured in such a way that the assets are not "available" for Medicaid and SSI eligibility purposes. This means that assets in the trust are not counted when the beneficiary is considered for public benefit eligibility.

GRANTOR

The Grantor of a trust is the creator of the trust. For your Trust, you are the creator of the Trust, and therefore you are the Grantor of the Trust, and you will transfer assets into it.

TRUSTEE

The Trustee of a trust manages the trust, makes decisions regarding the use of trust assets, and makes distributions pursuant to the terms of the trust.

BENEFICIARIES

A trust exists for the benefit of the beneficiaries.

While you are alive, the income and principal beneficiary of your Trust may receive distributions at the Trustee's discretion.

Upon your death, the remaining trust assets will be distributed to the remainder beneficiaries.

IMPORTANT TERMS

WHAT ARE THE BENEFITS OF A SPECIAL NEEDS TRUST?

One of the primary advantages of a special needs trust is that it provides a way to protect the assets of a person with disabilities while still allowing them to receive government benefits. This is because the assets in the trust are not considered when determining eligibility for programs such as Medicaid or Supplemental Security Income.

Additionally, a special needs trust can provide peace of mind for family members and caregivers, as they can ensure that the funds in the trust will be used for the benefit of the person with disabilities. This can be particularly important if the individual is not able to manage their own finances.

Overall, a special needs trust can provide a valuable tool for families and caregivers of individuals with disabilities, helping to ensure that their loved one receives the care and support they need, both now and in the future.

WHO CONTROLS THE ASSETS IN THE TRUST?

As the original trustee of the trust, you are responsible for managing the trust. This includes making decisions about the usage of trust assets and distributing funds according to the trust's terms.

FUNDING YOUR Special Needs Trust

Your assets must be transferred into your trust to achieve its objectives. This is commonly known as "funding your Trust."

To transfer assets to your trust, you must execute new documents of title, deeds to real property, signature cards for your bank accounts, or change of beneficiary forms for pension plans, individual retirement plans and life insurance.

WE CANNOT OVEREMPHASIZE THE IMPORTANCE OF HAVING A FULLY FUNDED SPECIAL NEEDS TRUST.

We are available to assist with answering questions and addressing concerns related to the initial trust funding for thirty days. After thirty days, questions regarding your special needs trust may result in additional fees and charges.

Trust Funding Letter

Upon the execution of your Special Needs Trust, you will be given instructions, along with a letter detailing:

- Which assets you should transfer into your trust.
- Which assets you should change the beneficiary to the trust.
- Specific instructions on how to transfer each asset.
- General administration of the trust and distribution information.

The trust funding letter has details pertaining to your specific estate plan, as well as answering most frequently asked questions. You should refer to this letter when questions arise.

WHO IS RESPONSIBLE FOR FUNDING MY TRUST?

Transferring assets to a trust is an important step in estate planning. It ensures that your assets are protected and distributed according to your wishes after you pass away. However, it is important to remember that you are ultimately responsible for making sure all of the appropriate assets are transferred to your trust. This includes any property, investments, and accounts that you want to be included. It may require some effort on your part to make sure everything is properly titled and the necessary paperwork is filed. But the peace of mind that comes with knowing your assets are protected and will be distributed as you intended is well worth the effort.

HOW DO I MAKE DISTRIBUTIONS FROM THE TRUST?

It is crucial to never pay cash to the beneficiary. The trust is structured in such a way that the assets are not "available" for Medicaid or SSI eligibility purposes. Distributions from the Trust will be treated in one of three ways:

- direct income to the Beneficiary;
- in-kind income; or
- in-kind support and maintenance.

Your trust funding letter gives specific instructions on each of these distribution options.