



## **Sometimes Money IS a Problem!**

In the United States, assistance for individuals with a disability is based upon impoverishment. This means that most governmental supports and services are not available to the people who need assistance unless they have income below a certain level. Individuals with a disability sometimes receive large sums of money, like inheritances or settlements, which would disqualify them from government benefits. However, if the proper planning is in place there is an option to enable the person with a disability to benefit from the gained money and still be eligible for government benefits and programs. This planning tool is called a "Special Needs Trust".

***Susy inherits money from life insurance proceeds.*** Funding for her residential program and for her job placement is dependent on her eligibility for social security supplemental income (SSI) and Medical Assistance (MA), which have very low asset limits. When her parents died, Susy received \$100,000 in life insurance proceeds. This money makes her ineligible for SSI and MA and she is at risk of losing her housing, job, and healthcare. If Susy's money is transferred to a Special Needs Trust, she will still be eligible for SSI and MA.

***Timmy just received a lump-sum back-payment from the Social Security Administration of \$50,000.*** Unfortunately, Timmy now has too much money to be eligible for Medical Assistance (MA). MA has an asset limit of \$3,000 for adults. Timmy relies on Medical Assistance for healthcare coverage and also for his waiver, which he needs in order to stay in his current residential placement. If Timmy's money is moved to a Special Needs Trust, then Timmy will still be eligible for MA.

## **What is a Special Needs Trust?**

A Special Needs Trust (SNT) is a tool for an individual who has a disability and who will inherit money or gain money from a settlement. The individual's money may be transferred to an SNT, where it can be used for his or her benefit without jeopardizing eligibility for government programs or services.

SNTs must be carefully drafted by an experienced attorney. A Trustee administers the SNT and the person for whom the trust is established is the "Beneficiary."

The Trustee may make distributions for the benefit of the Beneficiary to meet the Beneficiary's "supplemental needs."

"Supplemental needs" are the needs of an individual that are not met by government programs, services, and supports. For example, social security benefits are meant to cover food and shelter while Medical Assistance is intended to cover healthcare needs. The money in an SNT may be used to pay for an individual's needs in a manner that supplements these government benefits. The Trustee must take care not to make distributions that take place of a government benefit.

***Please contact Caitlin Bearer at Bearer Law PLLC for more information or to set up a free consultation to learn more about your options as an individual with a disability or for your child with a disability.***