Planning For Your Loved One with Special Needs

What Every Caregiver Needs to Know

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What is important to you as a caregiver?

- Maintaining lifetime care and quality of life.
- Peace of mind when I am no longer able, or around, to provide care for my loved one.
- Protecting and maximizing government benefits.
- Planning for a “three-person retirement.”
- Providing equitably for all my heirs
- Minimizing the impact of Uncle Sam.
The majority of caregivers of dependents with special needs have not planned sufficiently...why not?

- Lack of coordination among advisors: legal, tax, financial, insurance, community/government, etc.
- Current advisors not experts in special needs planning
- Absence of a “plan” to address the future of dependent(s).
- Outdated or inefficient estate plans.
- Procrastination: “My child is young/higher functioning” “Other priorities” “I don’t have the time...”
Special needs planning is very different from general financial & estate planning…

Legal

Government Benefits & Care Management

Financial
Legal Planning: working with the right attorney

Basic Estate Planning Documents:

- Wills
- Financial Powers of Attorney
- Medical Power of Attorney & Health Care Proxy
- Trusts

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What do I need to know about my Will?

- Why do I need one?
- What if I don’t have one?
  - Intestate vs Probate
- What types of assets might avoid my Will?
What about a trust?

- The benefits of trusts
- Many types of trusts
- The role of the trustee
Have you arranged to leave more than $2,000 to my dependent with special needs?

*Federal law says...*

If you leave **over $2,000** to a person with a disability, he/she automatically loses eligibility for **most** government benefits & services.
Government Benefits

- Entitlement vs. eligibility/needs-based benefits
- Countable vs. non-countable assets/resources
- Important ages: 18, 21, 22, 26 years old
- Resources to help navigate
What are my options?

First, some Common Planning Mistakes:

- Disinheriting your loved one
- “Morally-obligated” gifts
- Well-intentioned family members

What’s a better solution?
A Special Needs Trust (SNT)

- 3rd Party SNT vs 1st Party SNT
- Living (Inter Vivos) vs. Testamentary SNTs
- Choosing a trustee
- When should it be funded?
ABLE Accounts

- Higher asset limitations for government benefits qualification
  - $100,000 for Supplemental Security Income (SSI) eligibility
- No required reimbursement to the state for Medicaid repayment
- Federal & PA income tax-free growth on earnings
- Federal & PA income tax-free withdrawals for “qualified disability expenses”
- Individual has complete control and access to account (if individual has capacity)
- PA state income tax deductible for contributions
When to consider an ABLE account

- $15,000 or less inheritance
- $15,000 or less “Litigation Settlement”
- Beneficiary has unspent SSI/SSDI/Earnings that will push resources over the allowable amount
- As a *supplement* to a properly drafted & funded Third Party SNT
What I should know about Guardianship & Alternatives to Guardianship

- If my dependent is under 18
- If my dependent is over 18
- Depending upon where my dependent lives
- Guardianship vs Powers of Attorney (POAs)
Care Management

- Memorandum/Letter of Intent
- How do I help assure the kind of care I would personally give my dependent?
- I don’t want to place any burden on my other family members...
- What if I don’t have someone?
- What will be there though the government?
Financial Planning

- Tax planning considerations
- Planning for a “three-person retirement”
  - Social Security decisions
- Approaching investing differently
- Insurance planning for special needs
- Beneficiary designation errors
What is your funding strategy?

Funding strategies for your dependent's special needs trust:

- Property/Real Estate
- Investments
- Retirement Accounts
  - Pre-Tax/”Traditional”
  - Roth
- Life Insurance
How much does my loved one need?

- No “one size fits all”
- Take into account the impact of inflation
- Don’t forget about taxes!
What about *your* lifetime care needs?

- Life Insurance - protect surviving caregiver(s)
- Disability Insurance - protects the caregiver’s *income*
- Long Term Care insurance (LTC) planning options - get educated!

- How are you currently addressing these risks?
OK, so where should I start?

Financial Planner with Special Needs Expertise
- Is my current advisor experienced with special needs planning?
- Potential gaps in my plan?
- Could a 2nd opinion hurt?

Qualified Special Needs Estate Planning Attorney
- Is my attorney a specialist or a “dabbler”?
- When did I last hear from them?
- Am I confident my plan is “done right” vs “done”?
How we can help...

- **Complimentary** first meeting - 30,000 foot overview
- Introduce you to qualified special needs estate planning attorneys**
- Connect you to additional resources within the community
- Educate you on variety of special needs trust funding options
- Comprehensive, objective & fiduciary-bound approach

**If you do not have your own qualified special needs attorney, our firm can introduce you to a few qualified attorneys specializing in special needs for your own choosing.**
In Summary...

Surround yourself with experienced, qualified advisors to assist you & your entire family.

Remember that YOU are the expert about your dependent.

Think “lifetime care” and “quality of life” - We will help you get there.
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