



To learn more about these and other programs, contact Indiana Family to Family. We will assist you as you navigate health care systems and services, especially those available to individuals with special health care needs.
1-844-F2F-INFO
1-844-323-4636
inf2f.org

Planning for the Future: Special Needs Trusts, ABLE Accounts, and More

As parents, we hope our children will one day make their own way toward financial security through work. Many adults with disabilities do earn their own living, but if you are concerned that may not be possible for your child, a special needs trust may give you peace of mind and give your child a better future.

An elder law attorney can help with this process. They are familiar with special needs financial planning. It will also be necessary to have a will in place, and if the child is under the age of 18, a guardian designated in a Letter of Intent <http://www.bridges4kids.org/letter-of-intent-form.pdf>. Family Voices has Fact Sheets on Guardianship and Guardianship Alternatives.

The Special Needs Trust: A Path to Financial Security for Your Child with Special Health Care Needs

A special needs trust, also called a supplemental care trust, is a place to transfer savings, life insurance payouts, and other funds for a child or adult with special health care needs who depend on public programs such as SSI and Medicaid. A trust can hold funds for the individual without jeopardizing eligibility for these programs due to asset limits.

Funding the trust

You may assume you need wealth to set up a trust. That is simply not true. In fact, a trust can be set up to hold future funds such as life insurance payouts after your death without any funding at the time the trust begins. It also can be set up to start taking funds immediately, whether that comes from the individual, the parents, or from gifts or life insurance of grandparents, other relatives and friends. You typically will need some money to set up the trust for attorney or related fees.

Setting up a trust

To set up a trust in Indiana, you'll need to consult with an elder law attorney or turn to The Arc Master Trust. You may also work with a financial/insurance organization to set up a life insurance policy to fund the trust after your death. The trust will need to specify a trustee, which can be a parent, sibling, or other individual or organization, such as a bank. In The Arc Master Trust, the Arc will act as the trustee. The trustee's main job is to make sure the individual doesn't have too much money (more than \$2000) in a personal account, and that any money intended for the trust is directed to the trust, not the individual. The trustee is also responsible for providing funds for the individual's needs from the trust, which typically can include goods and services not covered by government programs. The trustee will also be responsible for reporting to the Social Security Administration.



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Making sure funds go to the right place

Even birthday checks from grandma can add up over the years to put your child at risk of being over asset limits for benefits. Your attorney or trust representative will give you language to share with your family to direct funds to the trust. Another common threat involves forgotten life insurance policies and wills. You and your family should be sure that any wills and life insurance policies name the beneficiary as the trust, not the individual.

Where to start

To learn more about the Arc Master Trust, visit www.thearctrust.org or contact them at 317-977-2375 or 800-382-9100. To locate an elder law attorney, visit www.naela.org which is the National Academy of Elder Law Attorneys.

Achieving a Better Life Experience (ABLE) Account

An ABLE account is another savings options for individuals with disabilities. The ABLE Act allows certain individuals with disabilities and their families the opportunity to contribute to a tax-advantaged savings account that can be used for maintaining health, independence, and quality of life. The State of Indiana is in the process of developing an ABLE account program.

Individual Development Account (IDA) 1-800-872-0371

An IDA is a special savings account to allow individuals to set aside funds for a specific financial goal (buying a home, paying for training or education, starting or expanding a small business, etc.) over approximately a 3-year period. Savings by the individual are matched by federal and state dollars. The goal of the IDA program is to help low-income individuals build wealth as a path out of poverty.

You may be eligible for an IDA if you (1) have an income less than 175% of the federal poverty guidelines, and (2) have a job and earn income. Funds set aside in IDA accounts usually do not count against the monthly earning limits of TANF and Social Security programs. Current contribution amounts are at least \$400 annually with a maximum total individual contribution of \$1600 over 3 years. The current match ratio is 1:3, and with a total maximum match of \$4800, for a combined total of \$6400 in savings.

Planning for future financial stability of a person with a disability can be difficult. Determining the best plan depends on individual circumstances. It may be helpful to consult financial planner who specializes in estate planning services for individuals with disabilities and special health care needs. For help in understanding your options, contact Indiana Family to Family at 1-844-323-4636 or by email at info@inf2f.org. Indiana Family to Family does not provide estate planning services and does not endorse any provider.

Programs and systems change often. It is important to ensure that you are using the most current information. This Fact Sheet was updated June 2016. Please check http://inf2f.org/fact_sheets for the most recent edition.

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