

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- ▶ Outdated or inefficient estate plans.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 have 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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