



## **Special Needs Trust: Enhancing Financial Security for Individuals with Disabilities**

A Special Needs Trust (SNT), also known as a Supplemental Needs Trust, is a legal instrument designed to protect and manage the assets of an individual with disabilities without jeopardizing their eligibility for government benefits and assistance programs. Here's a brief overview of what a Special Needs Trust is and how it is used in estate planning.

### **Creation and Purpose:**

- For Individuals with Disabilities:
  - A Special Needs Trust is specifically created to benefit individuals with physical or mental disabilities. Its primary purpose is to enhance the financial security and quality of life for the trust's beneficiary while preserving their eligibility for government benefits.

### **Key Components of a Special Needs Trust:**

- Settlor or Grantor:
  - The person creating the trust is known as the settlor or grantor. This individual funds the trust with assets for the benefit of the person with disabilities. The trust can be created during the settlor's lifetime, and is known as an *inter vivos* trust, or can be created at the Settlor's time of death as incorporated in their Will and is known as a testamentary trust.
- Trustee:
  - The trustee is appointed to manage the trust assets and make distributions to enhance the beneficiary's quality of life while adhering to the guidelines established in the trust document.
- Beneficiary:
  - The individual with disabilities is the beneficiary of the trust. The trust is structured to supplement, not replace, the government benefits and assistance the beneficiary may be entitled to. Depending on the type of trust used and the amount of assets remaining in the trust, there may also be alternate beneficiaries that will receive trust assets upon the death of the disabled beneficiary.

### **Protecting Eligibility for Government Benefits:**

- Preservation of Means-Tested Benefits:
  - One of the primary functions of a Special Needs Trust is to safeguard the beneficiary's eligibility for means-tested government programs, such as Medicaid and Supplemental Security Income (SSI).

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- Supplement, Not Supplant:
  - The trust is designed to supplement the beneficiary's needs, not replace the government benefits they receive. This ensures that the individual can still access crucial support services. The trustee is given wide discretion to make or withhold distributions to maintain eligibility for government benefits.

### Types of Special Needs Trusts:

- Third-Party Special Needs Trust:
  - Created by someone other than the person with disabilities, such as a parent or grandparent. It can receive gifts or inheritances for the benefit of the individual with disabilities, while still maintaining the beneficiary's eligibility for governmental assistance programs. Upon the death of the trust beneficiary, any remaining trust assets will be paid out to the person or person's you designate in the trust document.
- First-Party or Self-Settled Special Needs Trust:
  - Funded with the assets of the individual with disabilities, often from a personal injury settlement, inheritance, or other sources. This type must adhere to specific legal requirements to maintain eligibility for government benefits. Additionally, any remaining trust assets will be used to reimburse the government for any Medicaid benefits paid out during the life of the beneficiary. Any remaining assets left after reimbursement can be paid out to the beneficiary's estate or another beneficiary named in the trust document.
- Special Needs Pooled Trust (SNT Pooled Trust):
  - A financial arrangement managed by a nonprofit organization, pooling the resources of individuals with disabilities to enhance their quality of life through professional administration, while preserving eligibility for government benefits. It provides a cost-effective and collective approach to managing the financial well-being of beneficiaries with disabilities. Upon the death of the beneficiary any remaining assets left trust for use of other beneficiaries of the pooled trust. This type of trust does not allow for you to designate alternate beneficiaries.

### Permissible Distributions:

- Quality of Life Enhancements:
  - The trustee can use trust funds to pay for a wide range of goods and services that enhance the beneficiary's quality of life, such as education, recreation, medical expenses not covered by government benefits, and personal care attendants.

### Planning for the Future:

- Long-Term Care and Support:

- A Special Needs Trust is a crucial component of long-term care planning, providing financial support and ensuring the well-being of the individual with disabilities after the settlor's lifetime.

A Special Needs Trust is a compassionate and essential tool in estate planning, offering financial protection and a higher quality of life for individuals with disabilities.

At Roman Estate Law we specialize in creating Special Needs Trusts tailored to the unique needs and circumstances of our clients. Contact us at [www.romanestatelaw.com](http://www.romanestatelaw.com) to schedule a consultation and explore how a Special Needs Trust can be a valuable component of your comprehensive estate plan.

Roman Estate Law - *Don't Leave Your Estate To Chance, When You Can Leave It To Your Loved Ones*