

Special Needs Trust Basics and Beyond Top Trends and Pitfalls

14th Annual Changes and Trends Affecting
Special Needs Trusts
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Presented by

Craig C. Reaves, CELA, CAP

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What is a Special Needs Trust?

A Special Needs Trust is...

1. A trust
2. That has a special needs distribution clause
3. That allows money to be held and used for the benefit of a person (“beneficiary”) without causing the trust’s assets to count towards the maximum amount of money the beneficiary can have and qualify for needs-based public benefits (usually \$2,000)

What is a Special Needs Trust?

A Special Needs Trust...

- Allows trust assets to be used for the benefit of the beneficiary without disqualifying the beneficiary from Medicaid, SSI, and any other needs-based public assistance programs.
- Trust assets are used to supplement, not replace, the public benefits the beneficiary is receiving.

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What is a Special Needs Trust?

A Special Needs Trust...

Allows trust beneficiary to qualify for needs-based public assistance and receive...

- some income, basic health care, and needed services

While trust assets are used to provide services and items that will help the beneficiary, but are not provided by public assistance.

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Special Needs Trusts

\$ from someone other than Beneficiary
(Third Party-Settled)

\$ from Beneficiary
(Self-Settled)

Third Party-Settled Special Needs Trust

d4A Trust

d4C Trust
(Pooled Trust)

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Self-Settled v. Third Party-Settled Trusts

Whose Assets Are Going Into the Trust?

1. The beneficiary's assets

➔ Self-Settled Trust

2. Someone else's assets

➔ Third Party-Settled Trust

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