



The Unique Advantages of Special Needs Trusts

A vital solution for your loved ones without jeopardizing their public benefits

A Special Needs Trust (SNT) is a crucial financial tool designed to benefit individuals who rely on needs-based public assistance. These trusts enable beneficiaries to maintain their eligibility for public benefits while receiving additional financial support from an inheritance.

For clients with dependents or loved ones who receive public benefits, an SNT can offer peace of mind and financial security.

Let's explore the key advantages and functions of Special Needs Trusts.

Benefits of a Special Needs Trust

1. Preserving Public Benefits

One of the primary advantages of an SNT is its ability to preserve the beneficiary's eligibility for needs-based public benefits such as Supplemental Security Income (SSI) and Medicaid. Receiving an inheritance directly can disqualify individuals from these crucial benefits due to asset limits.

However, by placing the inheritance in an SNT, the beneficiary can continue to receive public assistance. Importantly, the funds in the SNT are used to supplement, not replace, the benefits provided by public programs.

2. Controlled Access to Inherited Funds

An SNT does not provide the beneficiary with direct access to the inheritance. Instead, the funds are managed by a trustee, who oversees the trust and disburses funds according to the trust's terms. This arrangement ensures that the client maintains control over the distribution and use of the funds, both during their lifetime and after their death. It also protects the assets from being misused or squandered by the beneficiary.

3. Appointment of a Trusted Trustee

Clients can appoint a trusted individual or a professional fiduciary to manage the SNT. The trustee is responsible for ensuring that the funds are used for the beneficiary's benefit, according to the trust's terms. This can include paying for medical expenses, education, personal care, and other needs not covered by public benefits. By appointing a reliable trustee, clients can ensure that their loved ones are well cared for and that the funds are managed prudently.

4. Protection of Trust Assets

Upon the beneficiary's death, the assets remaining in the SNT are not subject to reimbursement claims from state or federal agencies. Since the assets in the SNT never legally belonged to the beneficiary, they are protected from being used to repay benefits received. Instead, these assets can be directed to other

beneficiaries designated by the client. This feature allows clients to ensure that their estate is distributed according to their wishes, even after the death of the SNT beneficiary.

Estate Planning Matters

Special Needs Trusts offer a vital solution for clients who want to provide for their loved ones without jeopardizing their public benefits. By establishing an SNT, clients can achieve several objectives: maintaining the beneficiary's public assistance, ensuring controlled access to inherited funds, appointing a reliable trustee, and protecting the trust assets from reimbursement claims.

For investors and clients seeking to safeguard their family's financial future, an SNT can be an essential component of their estate planning strategy.

Final Thoughts

As you consider the financial planning needs of your family, it's crucial to understand the benefits and intricacies of Special Needs Trusts. Consulting with a financial advisor or an estate planning attorney can provide personalized guidance and help you establish an SNT that meets your specific requirements and goals.

With the right planning, you can ensure that your loved ones receive the support they need while preserving their access to essential public benefits.