

Morgan Stanley



Special Needs Trusts: A Financial Tool to Enhance Quality of Life After SCI

Panelists

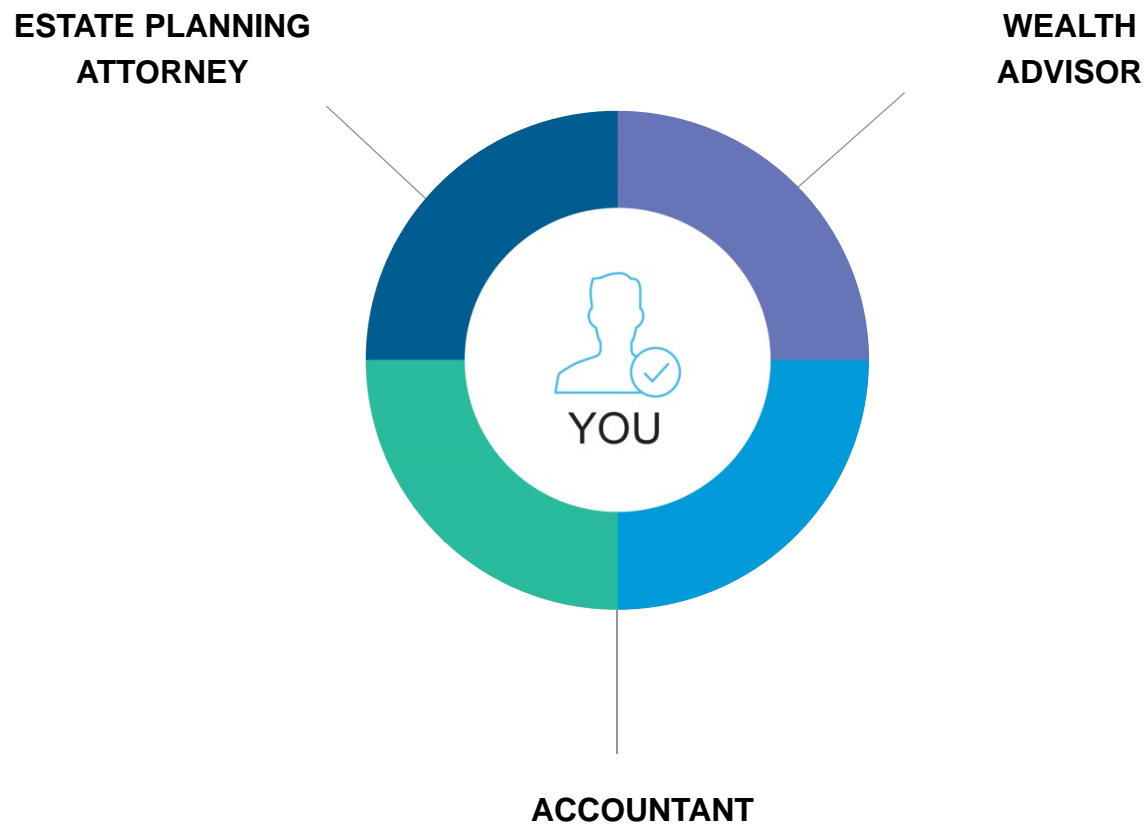
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 - ❖ Christopher P. Daifotis, Executive Director, Wealth Advisor
 - ❖ Mary Beth Powers, Vice President, Trust Specialists

- Begley Law Group, Moorestown, NJ
 - ❖ Ethan J. Ordog Esq.

- RBC Trust, Wilmington, DE
 - ❖ Nancy M. Guerin, Manager, Special Needs Trust

A Collaborative Team for Proper Estate and Financial Planning

Being Organized and Current



The Legal Necessities for Proper Estate and Financial Planning

An Executed Will



- Passing intestate can mean serious hardship for your family and loved ones
- Create or update a Will that details your personal wishes and asset transfers in a protected and timely manner

Revocable and Irrevocable Trusts



- Revocable trusts, also known as Living Trusts, helps to avoid probate and court supervise guardianship.
- Irrevocable trusts ensure that your estate assets are preserved for your beneficiaries. Also provides creditor protection

Power of Attorney



- Designates an individual to handle your business affairs, pay your bills and manage your assets. If you ever become ill or incapacitated

Healthcare Proxy and Living Will



- Name a healthcare agent who can make medical decisions for you if you become incapacitated.
- Living will allows you to list medical treatments you would or would not want, if you become terminally ill and unable to make your own decisions

Proper Financial Planning –A Continuous and Fluid Process

- ✓ **Annual Budget** - Annual Income & Expenses
- ✓ **Personal Balance Sheet** - Cash, Liquid Investments, Real Estate, Life Insurance, IRA/401(k) and **Liabilities** (Outstanding Debt)
- ✓ **Short- and Long-Term Financial Goals**
- ✓ **Account Legal Entities** - Investing (Joint, Individual, Revocable or Irrevocable Trusts)
- ✓ **Financial Asset Allocation** - Annual Expenses, Tax Bracket, Life Goals, and Risk Parameters)

Access and Preserve Government Benefits

Benefits to Which Individuals with Special Needs May Be Entitled



- Benefits Subject to Age Restrictions and Asset Constraints

Structures for Consideration - It can be a Combination Approach

- I. **Special Needs Trusts (SNTs)** - Created for a Beneficiary with special needs and supplements government benefits such as SSDI, SSI, Medicare and Medicaid.
 - **1st Special Needs Trusts** – Self-Funded (Medicaid Clawback)
 - **3rd Party Special Needs Trusts** – Community Funded (No Medicaid Clawback)
 - **Pooled Special Needs Trusts** – 501c3 entity, Smaller Amounts, Joinder Agreement

- II. **ABLE Accounts** – A Better Living Experience
 - IRS Section 529A - State specific tax deferred savings account
 - Complement to SNTs
 - Funded by individual, family, friends, etc.
 - Controlled by beneficiary and provides supplemental income for qualified expenses
 - Provides basic banking services – ATM, Debit Card and checking in beneficiary's name
 - Contribution and Market Value Limits in order to maintain benefits

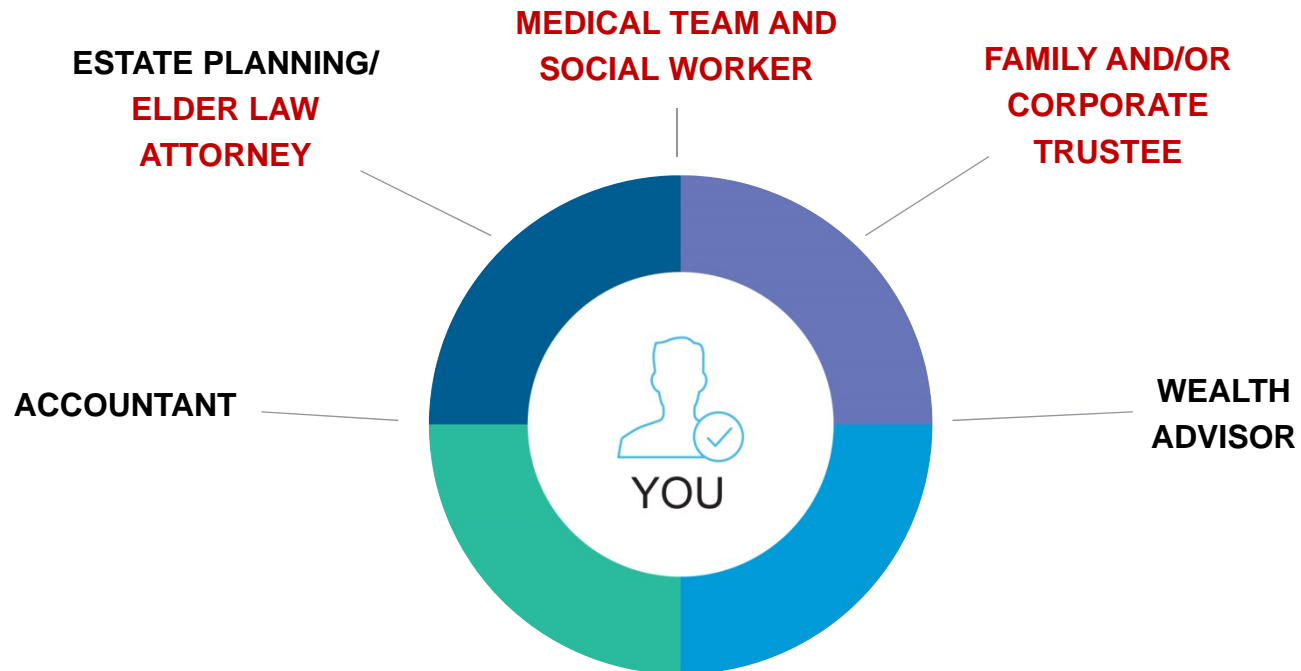
The Basic Special Needs Trusts Benefits

A special needs trust is created for a beneficiary with special needs and supplements government benefits such as SSI and Medicaid.

- Any assets that are contributed to a special needs trust will:
 - Allocate resources to help maintain quality of life
 - Allow individuals with special needs to qualify for SSI, Medicaid and other government-funded programs
 - Provide means of supplementing resources from government-funded programs with qualified expenses from a special needs trust

The Need For an Expanded Advisory Team

Special Needs Require Specialized Advice and Support to Plan for the Future



Working Together On Behalf Of the Family to Evaluate Potential Structures to Provide Financial Security and Flexibility

Roles of the Expanded Advisory Team

- **Medical Team and Social Worker – Kessler Institute for Rehabilitation**
- **Estate Planning Attorney**
 - Understanding of current federal and state healthcare benefits
 - Understanding of the various approaches to special needs trusts and other appropriate structures like ABLE accounts
 - Drafts and Establishes appropriate Trust Structure
- **Corporate Trustee**
 - Administers the Trust while making sure the provisions are carried out to the fullest
 - Independent and objective in carrying out the Provisions of the SNT without violating the rules for state-specified Medicaid, Medicare, SSI and SSDI
 - Works closely with the family and beneficiary with needs such as long-term health care cost planning, purchasing of durable medical equipment, hiring of healthcare attendants and medical billing

Roles of the Expanded Advisory Team (con't)

➤ **Wealth Advisor**

- Work closely with family, family attorney, corporate trustee and accountant in order to open and manage the assets in the spirit of the SNT Trust
- Work with the family to establish proper short- and long-term financial planning, taking into account reoccurring and unpredictable expenses and long-term goals
- Investment Portfolio and Financial Plan must be flexible and reviewed frequently

And Do Not Forget...



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