



Consolidated
Planning Group



PLANNING FOR SPECIAL NEEDS

*Addressing the ongoing care and planning
concerns for an individual with special needs*



Allison Schaberg
Consolidated Planning Group, Inc.
281-690-1177
aschaberg@cpgcares.net

How do I get started with Special Needs Planning?



- Work with a special needs planner to help you formulate a plan
- Gather all necessary planning documents
- Develop a Letter of Intent
- Think about your vision of how you hope things will look for your special needs child



How will my child's care be funded?

- ▣ Preserve eligibility for State and Federally funded programs
- ▣ Establish a Special Needs Trust for their future care.
- ▣ Current life insurance and assets provide funding for the special needs trust
- ▣ ABLE Account



Transition Planning - When do I need a Special Needs Trust (SNT) and Guardianship?

- ▣ A SNT will preserve future benefit eligibility while providing resources for your special needs child
- ▣ Guardianship can be applied for 6 months prior to the child turning 18 years old
- ▣ Work with a qualified Attorney to prepare these documents

Who will care for my child when I'm gone?

- ▣ Developing a future care plan now will answer these questions
- ▣ Consider touring care facilities such as Brookwood, Marbridge Foundation and Daymark Living
 - Waiting lists for these facilities can be 5 years or longer
- ▣ Make careful consideration before naming siblings as future care giver

How do I protect my child's government benefits?

- ▣ Make sure that you have your assets and your child's assets in the appropriate buckets is the first step
- ▣ Ensure your special needs family member's name is not set up as a beneficiary on any life insurance, investment or bank accounts
- ▣ Ensure well-meaning family members do not leave assets to the named individual, as opposed to a 3rd Party Special Needs Trust for the benefit of the Special Needs family member



What do I need to know about ABLE Accounts?



- ▣ Beneficiary is account owner
 - ▣ Income earned in account is not taxable
 - ▣ Contributions are not deductible (although some states may offer state income tax deductions)
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- A photograph showing a hand inserting a coin into a pink piggy bank. The piggy bank is surrounded by several stacks of US dollar bills, including \$20 and \$100 bills, symbolizing saving and investment.
- ▣ Does not jeopardize SSI, Medicaid or other public benefits
 - Supplemental benefits provided through SSI, Medicaid, SSI, etc.
 - ▣ Special contribution and distribution limits

What do I need to know about ABLE Accounts?

PARTICIPANTS	Disabled individuals whose disability started before age 26.
CONTRIBUTIONS	May be made by anyone. Limited to gift tax annual exclusion (currently \$15,000) in total annually. Funds held in an ABLE account in excess of \$100,000 disqualify the beneficiary for SSI benefits.
DISTRIBUTIONS	Distributions for “qualified disability expenses” are not taxable. Earnings on distributions for non-qualified expenses are subject to ordinary income taxes and a 10% penalty.
GROWTH	Tax-free growth in investments that can be changed by the participant twice a year.
ROLLOVERS	May be rolled over to other family members who are eligible beneficiaries.
AT DEATH	States may be able to claim reimbursement for expenses paid by Medicaid. Any additional funds can be distributed to designated beneficiaries or rolled over to eligible family members.

Items that a Special Needs Trusts **CAN** **PAY FOR** are:

- Telephone
- Cable or Satellite TV
- Premiums for Personal Property Insurance
- Paper Products
- Laundry and Cleaning supplies
- Staff Salaries
- Capital Improvements to the Home
- Repairs to the Home
- Out of Pocket medical, dental and eye expenses
- Eyeglasses
- Exercise Equipment
- Annual Independent Checkups
- Transportation
- Motor Vehicle
- Vehicle Maintenance
- Vehicle Insurance Premiums and Registration
- Life Insurance Premiums (See Medicaid Rules)
- Physical Rehabilitation services
- Vehicle Fuel
- Materials for Hobbies
- Tickets for recreational or Cultural Events
- Music Instruments
- Cosmetics
- Membership in book, health, record, video, or other clubs
- Clothing
- Prescriptions
- Home Improvements
- Computer or electronic equipment
- Cable TV
- Trips and Vacations (no Food)
- Visits to Friends
- Entertainment
- Home Furnishings
- Newspaper and Magazines Subscriptions
- Athletic Training or Competitions
- Personal Care Attendant or escort
- Vocational Rehabilitation or Habilitation
- Professional Services
- Tuition and Expenses connect with Education
- Costs of attending or participation in meetings, conferences, seminars or training sessions
- Cigarettes
- Buying a House or Real Property (Based on Trustee's discretion)

Examples of some things Special Needs Trusts **CANNOT PAY FOR** are:

- Rent
- Mortgage payments
- Real Estate Taxes
- Gas
- Electricity
- Water
- Sewage
- Homeowner's Insurance Required by Lender
- Condo charges that include the above items
- No CASH
- NO FOOD
- No reimbursement to client for items they purchased without permission of the Trustee



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For a free, personalized consultation,
please contact Consolidated Planning
Group, Inc for scheduling.

Allison Schaberg
Consolidated Planning Group, Inc.
19901 Southwest Freeway
Sugar Land, TX 77479
281-690-1177

aschaberg@cpgcares.net



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DISCLOSURES: This material does not constitute tax, legal, investment or accounting advice and is not intended for use by a taxpayer for the purposes of avoiding any IRS penalty. Comments on taxation are based on tax law current as of the time we produced the material.

Life insurance death benefit proceeds are generally excludable from the beneficiary's gross income for income tax purposes. There are few exceptions such as when a life insurance policy has been transferred for valuable consideration.

Loans and withdrawals will reduce the death benefit, cash surrender value, and may cause the policy to lapse. Lapse or surrender of a policy with a loan may cause the recognition of taxable income. Policies classified as modified endowment contracts may be subject to tax when a loan or withdrawal is made. A federal tax penalty of 10% may also apply if the loan or withdrawal is taken prior to age 59 1/2.

The Long-Term Care (LTC) rider is an accelerated death benefit rider and may not be considered long-term care insurance in some states. There are additional costs associated with this rider. The Maximum Monthly Benefit Amount is \$50,000. When the death benefit is accelerated for long-term care expenses it is reduced dollar for dollar, and the cash value is reduced proportionately.

Insurance policies and/or associated riders and features may not be available in all states.