PLANNING FOR SPECIAL NEEDS

Key Steps to Special Needs Planning – How to Protect and Maximize Your Child's Future

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WHO WE ARE

- Consolidated Planning Group, Inc. is a holistic Special Needs Financial Planning Firm in Sugar Land, TX serving families across the U.S.


- Advisory/Consulting Firm

- Predominately serve families with Special Needs family members, as well as the agencies, professionals and physicians who serve them.
How do I get started with Special Needs Planning?

- Develop a Letter of Intent
- Work with a special needs planner to help you formulate a plan
- Gather all necessary planning documents
- Think about your vision of how you hope things will look for both you and your special needs child
WHAT IS LISTED IN A LETTER OF INTENT & WHAT IS IN IT?

The important part of planning for the future of your child with special needs is a “Letter of Intent.”

This is a document that actually ensures your trustee or guardian knows your child’s functional abilities, routines, interests, and particular likes and dislikes.

- Family Information
- Medical History and Care
- Government Benefits
- Living Arrangements and Accommodations
- Educational History
- Employment History
- Personality and Habits
- Recreation and Fitness
- Spirituality and Values
- Legal Guardians
- Special Needs Trust
- Power of Attorney - Finances
- Power of Attorney - Medical
- Location of Important Information (Insurance Policy, Bank Accounts, etc.)
- Contacts (Attorney Accountant, Special Needs Financial Advisor, Insurance, Bank)
- Final Arrangements
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
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

SSI $794.00 a month & Medicaid

Social Security Disability & Medicare

Special Needs Trust

Life Insurance & Other Assets

ABLE Account
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
MDCP, CLASS, and DBMD:
Call: 1-877-438-5658

HCS, TxHmL, and CFC:
- Contact your local intellectual and developmental disability authority (LIDDA)
  - To find out your local authority, go to: https://apps.hhs.texas.gov/contact/search.cfm

Star Plus:
Call: 877-782-6440
Community Living Assistance and Support Services (CLASS): gives home and community-based supports to children and adults with related conditions. There are over 200 related conditions, like cerebral palsy and spina bifida. The related condition must have occurred before the child was age 22.

Deaf Blind with Multiple Disabilities (DBMD): gives services for children and adults who are deaf-blind or have a related condition that leads to deaf-blindness, and who have another disability.

Home and Community-based Services (HCS): gives services and supports to children and adults with an intellectual disability (ID) or a related condition who live with their families, in their own homes, or in small group homes with no more than 4 people.
Medically Dependent Children Program (MDCP): gives services to children and adults who are 20 and younger who are medically fragile as an alternative to receiving services in a nursing facility.

STAR+PLUS Home and Community-based Services (HCBS): gives services to adults over the age of 21 to keep them in their community and not in a nursing home facility.

Texas Home Living (TxHmL): gives services to children and adults with an intellectual disability (ID) or a related condition who live in their own home or their family’s home.

Youth Empowerment Services (YES): a 1915(c) Medicaid program that gives home and community-based services to children under the age of 19 with serious mental, emotional and behavioral difficulties.
WHEN SHOULD YOU APPLY AND WHAT DO YOU NEED TO APPLY FOR?

- Apply for SSI the month of your child’s 18th birthday. Appt should be scheduled a few months in advance.
- Have evidence that demonstrates that the child’s disability began before age 22 to qualify as a Disabled Adult Child (DAC) on one of the parents record.
- Gather medical history- physician’s name, address, phone number, diagnosis history, medications.
- Consider chatting with PCP first and reviewing their records.
PRESUMPTIVE DISABILITY CONDITIONS...

• Amputation of a leg at the hip

• Total deafness, no sound perception in either ear

• Total blindness, no light perception in either eye

• Bed confinement or immobility without a wheelchair, walker, or crutches, due to a longstanding condition excluding recent accident and recent surgery

• Stroke, more than 3 months in the past, continued marked difficulty in walking/using a hand or arm

• Cerebral palsy/muscular dystrophy/muscular atrophy and marked difficulty in walking (use of braces)

• Down syndrome

• Intellectual disability/neurodevelopmental impairment (autism spectrum disorder) with complete inability to independently perform basic self-care activities (such as toileting, eating, dressing, or bathing)
PRESumptive Disability...

- Up to 6 months of SSI based on disability if applicant has one of 15 conditions
- Determination is made by local Social Security office
- If there is a likelihood that case will be approved, DDS can also make a presumptive decision
When a parent applies to receive their own social security benefits through retirement or disability, the disabled adult child (DAC) is entitled to received ½ of the parent’s benefit. This benefit also applies minor children that are not disabled.

24 months after receiving Title II benefits, the DAC will be eligible for Medicare

When a parent passes away the disabled adult child is entitled to 75% of the deceased parents social security.

Be aware of family maximums if a non-working spouse is also drawing from their spousal record.
An adult receiving Title II benefits is a “beneficiary”
To Be Entitled to SSDI
(Social Security Disability Insurance)

1. File an application
2. Found to be medically disabled
3. Fully insured
4. Is an insured for disability status
5. Is not working or working but countable earned income is less than the substantial gainful activity level - $1,310
To Be Entitled to RSDI
(Retirement, Survivor and Disability Insurance)

- Is 18 years of age or older
- Disability began before age 22
- Is the dependent of an “insured worker” parent
- Is not married
- Has not previously performed Substantial Gainful Activity
HOW DO YOU PROTECT YOUR 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)
- 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?

<table>
<thead>
<tr>
<th><strong>PARTICIPANTS</strong></th>
<th>Disabled individuals whose disability started before age 26.</th>
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<tbody>
<tr>
<td><strong>CONTRIBUTIONS</strong></td>
<td>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. (However, ABLE account owners who work may contribute up to an additional $12,490 (in 2020) of their gross income into their ABLE account if they do not have an employer sponsored retirement plan.)</td>
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<tr>
<td><strong>DISTRIBUTIONS</strong></td>
<td>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.</td>
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<td><strong>GROWTH</strong></td>
<td>Tax-free growth in investments that can be changed by the participant twice a year.</td>
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<td><strong>ROLLOVERS</strong></td>
<td>May be rolled over to other family members who are eligible beneficiaries.</td>
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<td><strong>AT DEATH</strong></td>
<td>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.</td>
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Items that an ABLE Account CAN PAY FOR are:

- Housing – Rent. Mortgage payments
- Financial Management and Administrative Services
- Transportation – such as Car, Public Transportation Fares, Taxis, Uber
- Education & Training – such as employment supports like Job Coach, Classes to Learn New Skills
- Assistive Technology – I-phone
- Personal Support Services
- Legal Expenses
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
Educational Options Post High School

- Austin Community College - STEPS
- College Living Experience-CLE
- Houston Community College – VAST Academy
- Lamar University
- Lone Star College CyFair - Career and Technical Education
- Lone Star College lifePATH®
- Lynn University - Metamorphosis Program
- NonPareil Institute
- Texas A & M - PATHS Program
- Texas State Technical College
- Texas Tech University - CASE Program
- Sam Houston State University
- University of North Texas - Workplace Inclusion & Sustainable Employment (UNTWISE)
- University of Texas - Austin - E4Texas
- West Texas A&M in Canyon - WTLC (Where the Learning Continues)
Summary of Topics Discussed

- How to develop a comprehensive Special Needs Care Plan
- Future Care Cost Estimates
- Texas Waivers-Interest Lists
- SSI & SSDI-Understanding the differences and knowing when to apply
- ABLE Accounts
- Beneficiary Designations
- Special Needs Trusts-How to fund them
- Start touring Residential Living Facilities at age 15
- Guardianship, POA, HCPOA or Supported Decision Making
  Consider Guardianship 6 months before turning 18
- Post High School Education Options
- Waiting Lists for Community based care facilities
For a free, personalized consultation:

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