

## Special Needs Trusts: Help for Disabled Family Members:

Families who have children or grandchildren with mental or physical disabilities face particular challenges if they want their children to be eligible for government financial assistance once they turn age 18.

When adults apply for Social Security retirement benefits in their 60s, their income and assets are not counted when determining eligibility. But it's different with Social Security's Supplemental Security Income (SSI) program for the disabled. Because of means testing, a disabled SSI recipient must have little or no income or assets. Even giving money to a disabled person could make him or her ineligible for government assistance.

One way to provide for a disabled adult is to work with an attorney to set up a special needs trust, sometimes called a supplemental needs trust. This trust can hold an unlimited amount of assets for that person – assets that aren't counted when it comes to qualifying for government benefits such as Social Security, Medicaid, vocational rehabilitation, subsidized housing or other benefits based upon need.

The trust should be administered by an independent trustee. Any payments should be made directly to service providers and not to the disabled person or that person's family. The trust should have "spendthrift" provisions to protect its income and assets from claims of the disabled person's creditors. Planning to bequeath assets to support a disabled family member? The special needs trust – not the disabled person – should be listed as the beneficiary for life-insurance policies, annuities, Individual Retirement Accounts and other retirement plans.

Keep in mind that a special needs trust is generally irrevocable, although a carefully drafted trust document can include provisions for dissolution or termination under certain circumstances. A special needs trust can be created at any age, but it's probably best if it is set up before the beneficiary turns 18.

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