

THE ROLE OF A SPECIAL NEEDS TRUST

The special needs trust (SNT) is the most useful estate-planning tool available for providing future financial security for persons with disabilities. A trust is a legal entity that allows a person, known as the grantor, to give something to another person or organization, known as the trustee, with qualifications that it must be used for the benefit of someone else, known as the beneficiary. A trust can accomplish some of the following estate planning goals:

- Allow the trust property to bypass probate proceedings;
- Avoid the problems of direct inheritance that may jeopardize government benefits for a person with a disability;
- Parents can control distribution of their property after their child's death;
- Parents can manage money properly and investing it wisely for a child with a disability.

Ordinarily, an inheritance improves a person's lifestyle. Unfortunately, if the person receiving the inheritance has special needs, it will most likely have a negative impact on his or her lifestyle. Under current law, if a disabled individual receives more than \$2,000, the individual can be disqualified from most federal needs based programs and possibly other state public assistance programs. The SNT is a legal device created to make sure an inheritance or even a financial settlement reaches the disabled person without interfering with his or her government benefits. The disabled individual does not actually own the assets in the trust, but the trust assets can provide benefits for the person with special needs.

Assets of a SNT can be used to pay for supplemental needs the disabled person might have. The following are some examples:

- Education;
- Medical & dental care beyond what is covered by government benefits;
- Over-the counter medicines;
- Advocates;
- Legal services;
- Transportation;
- Developmental services;
- Rehabilitation;
- Recreation;
- Vacations and trips;

- Traveling companion;
- Assistive devices;
- Insurance;
- Equipment;
- Personal Care Assistant;
- Social opportunities.

Most families fail to create trusts because they think a trust, including the SNT, is only for wealthy families. Parents must plan their estates, regardless of size, to secure the future of their child. There is no minimum amount of assets required to fund a SNT. The solution to securing your child's future is *not* to leave your child's inheritance to another family member; that can be catastrophic.

While the attorney can establish the trust for you, it is recommended that you discuss funding your SNT with a financial planner who has experience planning for the future of persons with disabilities. Some ways to fund the SNT are:

- Insurance;
- Real estate property;
- Stocks, bonds, mutual funds;
- Savings;
- Investments, IRAs, 401(K) plans;
- Inheritances;
- Gifts from family;
- Parent's estate.

With the proper legal and financial advice, an SNT enables parents to avoid a drastic interruption in care and do everything possible to ensure that their child will have a comfortable and fulfilling life.

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You should consult an attorney for advice regarding your individual situation. The hiring of a lawyer is an important decision that should not be based solely on advertising. Before you decide, ask us to send you free written information about our qualifications and experience.