

# Special Needs Trusts

Your peace of mind is always on our mind





# There's a Reason Trust is Our Middle Name™

**Our mission is to help credit union members and private clients protect their hard-earned assets, achieve their financial aspirations and ensure their financial legacy thrives.**

Founded in 1987 by America's Credit Unions for credit unions, their members and the general public, Members Trust Company is the first national trust and investment firm providing financial stewardship, investment and trust services with "Main Street" member-centric value *and values*...even for non-credit union accounts. This means we pick up the phone when you call, we treat you and your family as if you were our own, and that doing the right thing is more than our thing, it's our mandate.

With our Main Street values comes Wall Street expertise...without the ego or exorbitant fees. We are continually recognized and quoted in the industry as innovators and subject matter experts in trust administration and investment management solutions, big and small.

## SPECIAL NEEDS TRUST

# What is it?

A Special Needs Trust can be created by the parents or guardians of a loved one with special needs or by an individual with special needs seeking to preserve his or her assets; it is designed to preserve the disabled beneficiary's ability to receive means-tested government benefits like Supplemental Security Income (SSI) and Medicaid, to guard against potential financial abuse, as well as to provide oversight to ensure funds are spent wisely.<sup>1</sup>

SSI is a program that pays monthly cash benefits to blind or disabled children and adults with limited income and anyone over 65. Medicaid is a national public health insurance program that provides health care coverage to qualifying individuals; it covers doctor visits, hospital stays, long-term medical care, custodial care, and other health-related costs.

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<sup>1</sup>There are two types of Special Needs Trusts: 1st party and 3rd party. A 1st party trust is created by the beneficiary or someone acting on his or her behalf; the trust is funded with the money of the beneficiary and the terms require that Medicaid be reimbursed with trust assets upon death of the beneficiary. A 3rd party trust is funded with funds from others (e.g. parents) and does not have a Medicaid payback requirement at death like a 1st party trust.



SSI and Medicaid are needs-based government programs for people with limited resources. To be eligible, disabled individuals must demonstrate they have minimal income and less than \$2,000 in assets. So, if you leave an inheritance in excess of this amount directly to your disabled loved one, he or she will become ineligible for these programs. In fact, the government will require the inheritance to be depleted before it will resume healthcare coverage under Medicaid and monthly income under SSI.

By leaving funds in a trust, instead of making a direct gift to your disabled loved one, you can avoid affecting eligibility for government benefits, as the trust funds are not counted as a resource of the beneficiary.

## SPECIAL NEEDS TRUST

# Who needs one?

Both children and adults with special needs may need various kinds of lifelong help. This makes health insurance a particularly important issue, because someone with a serious disability may never hold a job that covers this expense. Coverage under Medicaid offers benefits only to people who have very limited income and resources.

Since a child with a disability would become ineligible for government benefits if parents directly transfer assets as an inheritance, a Special Needs Trust can hold the answer to your peace of mind. A Special Needs Trust preserves eligibility for state and federal assistance for your loved one. Which means that trust funds can be used to provide above and beyond the basic care provided by government programs to improve your loved one's quality of life.

## Benefits of a Special Needs Trust



**Preserves eligibility for needs-based government programs, allowing the beneficiary's inheritance to supplement the care received from the government.**



**Holds a wide range of assets, including cash, stocks, real estate and life insurance.**



**Provides guidelines for where and how you want your loved one to live after you are gone, maintaining your values and your loved one's quality of life.**



**Provides a source of additional income to help with a loved one's caregiving needs.**

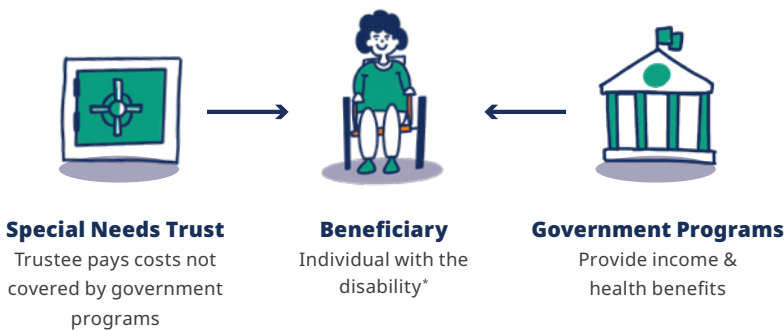


**Helps pay for expenses that wouldn't otherwise be available through needs-based programs, such as travel, computers, higher quality medical and dental care, education, and rehabilitation.**



SPECIAL NEEDS TRUST

How does it work?



What Can Funds Be Used For?



\*The beneficiary does not have control over the trust—those funds are under the control of the trustee of your choosing.



YOUR BEST INTEREST IS WHAT WE DO BEST

# Special Needs Trustee Services

Given the complexity and longevity involved with administering a Special Needs Trust, one of the most important decisions you can make is selecting a successor trustee. The rules surrounding eligibility for government programs are complex and ever-changing, and a mistake could compromise your loved one's eligibility for vital government benefits and supplemental care.



## Benefits of Naming Members Trust Company as Trustee



**Healthcare Assessments Inform Investment Plan**  
We can work with a national nurse consulting firm to develop sustainable life care planning, quality of life assessment and third-party benefit analysis.



**Informed Distribution Process**  
We have implemented a system of checks and balances to ensure that every distribution is carefully considered.



**Financial Independence for Beneficiaries**  
We've partnered with True Link to offer customizable Visa prepaid cards to certain beneficiaries, which—as trustee—we can configure to allow only purchases that will preserve eligibility for government benefits, including SSI and Medicaid.



**Loved Ones Serving as Caregivers are Compensated**  
We partner with a third party company that serves as employer of record for caregiving loved ones, handling payroll processing, recordkeeping and tax reporting. This way, family members are assured of proper withholdings to build up essential pay history and qualify for government benefits. They are also protected by workplace insurance policies and enjoy access to health benefits.



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