



# **Midwest Special Needs Trust**

**Presentation**

**to the**

**MISSOURI MENTAL HEALTH COMMISSION**

**by**

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# Midwest Special Needs Trust

FY 17 Annual Business Plan

Reviewing

July 1, 2015 - June 30, 2016

Planning

July 1, 2016 – June 30, 2017

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## Executive Summary

FY 2016 was a significant year for the Midwest Special Needs Trust (MSNT) in that the Executive Director of the past six years retired and new leadership began. The tenure was highlighted by some record achievements. This report is intended to offer a periodic review of our organization's achievements, future opportunities and goals for sustainability and growth. Each year, the MSNT looks to its past and establishes a plan for the coming year. The FY 2017 Annual Business Plan is a tool for continuity of operations, resource management and staff performance metrics. Proudly, MSNT can report:

- Steady growth over the last decade as evidenced by 1203 trust accounts administered by MSNT with trust assets over \$35.4 million
- Continued commitment to serve low to middle income individuals and families who might otherwise be unable to establish a trust by accepting small trusts, keeping fees affordable and utilizing a sliding fee scale for enrollment fees
  - MSNT discounted enrollment fees for 51% of new trusts opened
  - The average size of the 125 new trust accounts in FY 16 was \$27,787 (ranging from \$500 to \$417,902)
  - The average of active trust accounts as of 6/30/16 was \$29,399 (ranging from \$524 to \$893,669)
- MSNT processed 4,330 permissible distributions in the amount of nearly \$2.5 million for the benefit of trust beneficiaries while protecting eligibility for important public benefits.
- New leadership is especially focused on supporting continued growth through infrastructure management of essential operation components. These components include policies, processes, data, information technology, human resources, external contacts, etc., and establishing policies consistent with the industry standard of practice in special needs trust administration.
- Organizational stability in terms of revenues and reserves to support current agency operations and future growth.
- The Charitable Trust with a full time dedicated staff person supported a record number of 337 charitable grant awards to indigent Missourians with disabilities.



## MSNT Mission and Purpose

The Missouri Family Trust (MFT), doing business as Midwest Special Needs Trust (MSNT) is a nonprofit 501(c)(3) corporation authorized by Missouri statute to administer special needs trusts for persons with disabilities. In order to assure availability of an affordable pooled trust administration resource for low and middle income individuals with disabilities, MSNT accepts smaller trusts and enrollment fees can be reduced based on income. People with disabilities and their families are often on fixed incomes and typically would not otherwise have access to special needs trusts that protect their public benefits.

MSNT also operates the Charitable Trust of the Missouri Family Trust, making grants to indigent Missourians with disabilities for many needs and services not covered by benefits.

MSNT is not a part of state government and receives no state or federal appropriations.



## MSNT Milestones

- ✿ In 1989, Missouri Family Trust was created by state statute as a public instrumentality of the State of Missouri.
- ✿ In 1990, MFT was incorporated as a not-for-profit corporation.
- ✿ In 1991, MFT opened the first trust account.
- ✿ In 1993, federal statute was passed that defined and exempted special needs trusts as assets, protecting eligibility for public benefits.
- ✿ In 2006, MFT began doing business as Midwest Special Needs Trust, expanding its service area to include the states contiguous to Missouri.
- ✿ In 2011, MSNT state statutes were substantially updated.
- ✿ In 2012, MSNT moved to independent leased space, improving security, efficiency and effectiveness in daily operations.
- ✿ In 2013, MSNT trust accounts surpassed 1000 active trusts.
- ✿ In 2015, MSNT expanded its offices to accommodate staff growth.
- ✿ In 2015, a dedicated employee was hired to devote full time attention to the Charitable Trust program.
- ✿ In 2016, MSNT rebranded with a new logo, marketing materials and website. MSNT total assets in ITA and restricted investment accounts grew to almost \$42 million.



## Overview of MSNT Historical Performance

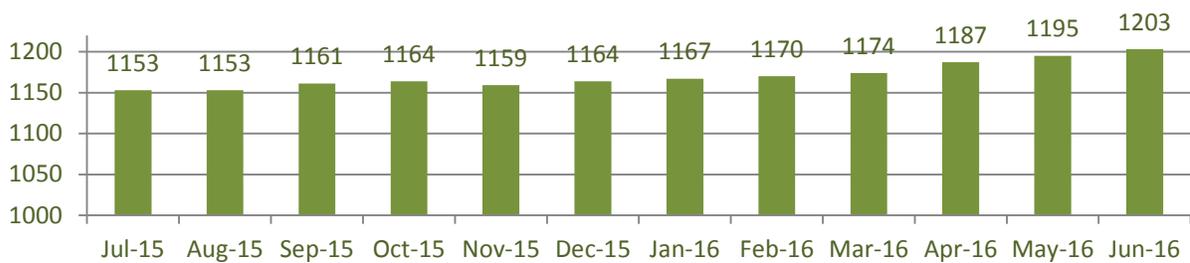
Midwest Special Needs Trust continues to market and serve the special needs trust administration service needs of people with disabilities and their families living in Missouri and the surrounding states of Arkansas, Illinois, Iowa, Kansas, Kentucky, Nebraska, Oklahoma and Tennessee.

In the last decade, both the number of trusts administered by MSNT and the value of trust assets has grown steadily. MSNT administers 1203 active trusts, adding 125 new trusts in 2016. Growth trends are depicted in the following charts for both asset value and active accounts.

### Fiscal Year-end ITA Asset Value



### FY 16 Active Accounts



Although MSNT goals will include growth in the number of trusts administered with continued emphasis on quality improvement, FY 17 goals also reflect the importance of continuity of operations as a new executive director assumes leadership.



## ***FY 2016 in Review***

As of 6/30/16, the number of Individual Trust Accounts (ITA) administered by MSNT increased to 1203, representing a net growth rate of 5.2% over the previous year. During the same period, ITA assets increased 6% to \$35.4 million. The growth rate reflects both growth in deposits as well as investment earnings that fluctuate depending on market performance and economic conditions. In trust administration duties for more than 1200 trusts, MSNT can report a number of other accomplishments that expanded organizational capacity and infrastructure, improved the quality of services, increased accountability, and resulted in efficiencies to keep MSNT services affordable.



## ***FY 2016 MSNT Accomplishments***

- ☑ **Enhanced trust administration infrastructure and communication tools for co-trustees, beneficiaries and advocates that will support proper trust administration to protect important public benefits for trust beneficiaries**
  - ✱ Rebranded MSNT with a new logo and marketing materials to improve our competitive edge and appeal to a broader range of potential clients
  - ✱ Updated and improved accuracy, efficiency and effectiveness in trust administration activities
  - ✱ Hired Executive Director, press release distributed throughout service area
  - ✱ Rolled out new web design with greater visual appeal, more current capabilities and potential for growth
  
- ☑ **ITA procedural development and service improvements**
  - ✱ Record management and retention
    - Enhanced check receipt and deposit process
    - Continued conversion of paper records to electronic storage to provide for redundancy and disaster recovery
  
- ☑ **Distribution Committee Activities and Projects**
  - ✱ Held 18 meetings to review 38 large distribution requests for more than \$335,511
  
- ☑ **Charitable Trust**
  - ✱ Added Dillons and Schnucks Rewards programs
  - ✱ Joined CoMoGives campaign for 2016
  - ✱ Increased grant awards to a record high of 340 in FY 16
  - ✱ Distribution amount for FY16 was over \$300,000, a 43% increase over the amount available for distribution in FY15



## Special Needs Trusts - Making a Difference for People with Disabilities

MSNT staff work diligently each day to open trusts and process trust distributions for important supplemental needs that are not covered by other public benefits. During FY 16, MSNT processed 4330 permissible distributions for nearly \$2.5 million for the benefit of MSNT trust beneficiaries. MSNT recognizes the importance of trust assets in the lives of beneficiaries and we share the following brief stories as examples demonstrating how a special needs trust can enhance the quality of life for a beneficiary with a disability<sup>1</sup>.

- ✿ **Michael** has a brain injury. A trust was funded for Michael from a personal injury settlement. He recently graduated from high school and utilized the trust for his senior year costs. With trust distributions, he was able to have his senior picture taken, buy a class ring, go on several college tours, attend his senior prom, and join his senior class trip; all things his family was unable to provide for him. Michael's mom has reported that he had a great senior year and was very thankful he was able to go on his senior class trip. Michael is excited to continue his education at the college of his choice.
- ✿ **Sam**, before his brain tumor surgeries, worked a very good job and contributed a sizable amount to his 401K--which funded his trust. For many years, Sam had poor oral hygiene. According to the dentist, his teeth were beyond repair. He needed over 25 extractions and some were impacted. Because of this, his overall health was affected. Over the course of several months of appointments, with trust disbursements, Sam's mouth healed and he was able to be fitted for dentures. Sam's overall health and quality of life, not just his dental needs, have improved.
- ✿ **Tommy** has a rare form of cerebral palsy which is the result of a birth accident. His personal injury settlement funded the special needs trust. Tommy lives with his grandparents who provide the majority of his care; however, they were in desperate need of appropriate transportation for Tommy. A trust distribution was made for a specialized handicapped van that would accommodate Tommy's growth and needs for many years. His grandmother recently called MSNT thanking us for the considerable effort involved in the disbursement and acquisition of the van. She also said that on a trip to the doctor's, Tommy's face lit up because he was not riding in a bus or an ambulance, but a van—just for him!

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<sup>1</sup> *The names and other details were changed to protect the confidentiality of beneficiaries.*

✿ **Judy** is a 54 year old woman with mental illness. Her trust was funded with her savings. After many years of struggling to “get her feet back on the ground” and best utilize the trust, this last year has been a success in both. Judy was able to find part time employment and appropriate housing with the help of supports. With trust distributions, she is able to use public transportation to safely get to and from her employment and purchase household items. Judy’s sense of humor is infectious and is always ready to tell MSNT how great she is doing. This fall, Judy will be traveling with family members on a mini-vacation, one that would not have happened several years ago or without the trust.



## MSNT Operational Budget & Reserves

Each year the MSNT Executive Director is responsible for developing a budget for Board review and approval at its annual meeting. The projected budget estimates income and expenditures for the coming fiscal year based on previous budgets, actual expenditures for the previous year, and data analysis related to growth projections. At each quarterly meeting, the Executive Director prepares for the MFT Board financial reports that present quarterly income and expenses in summary form, compared to the previous year and projected budget.

MSNT operated well within budget in FY16. MSNT remains solvent.

The MFT Board established a reserve account in 2008 to serve as an organizational safety net and promote sustainability for MSNT. The account has grown over the years through the careful stewardship of the Board. Reserves provide an essential safety net to provide cash flow if the economy shrinks or there is a market correction that impacts investment accounts.

### Reserve Asset Value





## Charitable Trust – The Year in Review

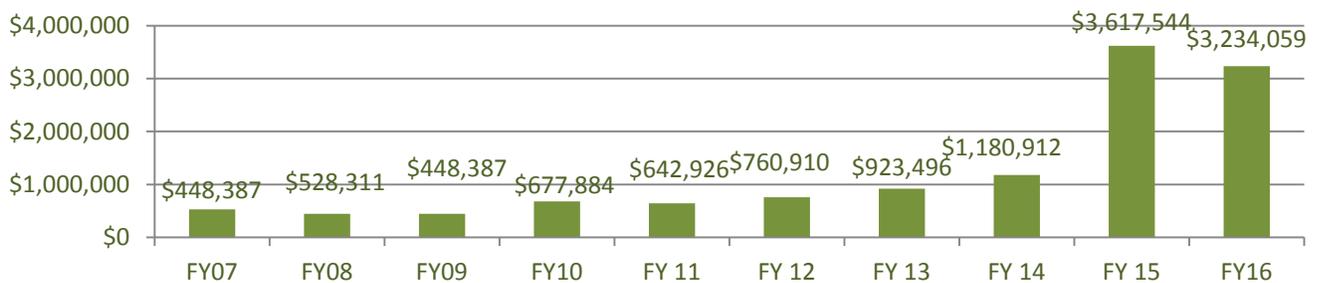
The Charitable Trust provides grants to Missourians with disabilities who are unable to afford dental care, assistive devices, etc. that are not covered by Medicaid or other public benefits. In FY 16, MSNT awarded 340 grants for more than \$275,000 to indigent Missourians with disabilities, an increase of more than 73% over the previous year and a 113% increase over FY 10 award totals.

The Charitable Trust has two primary sources of funding.

- The Charitable Trust of the Missouri Family Trust receives a portion of ITA remainder funds at the death of the beneficiary as permitted by state and federal statute.
- As a 501(c)(3) MSNT is eligible to accept contributions that are tax deductible by the donor.

The Board of Trustees has developed strategies to promote sustainability of the program by promoting growth of the Charitable Trust fund through investments and solicitation of donations to the Charitable Trust. In addition, the Board has elected to donate nearly \$200,000 from its reserve account to the Charitable Trust in recent years.

### Charitable Trust Asset Value



At the Board's request, additional efforts were taken by MSNT to increase awareness of the Charitable Trust as a resource and to promote quality applications. The Board has routinely contributed to the Charitable Trust from reserves to increase the funds available for the grant program.

Year	Available for Distribution	# of Grants Awarded	Amount Awarded <sup>i</sup>
FY 2016	\$316,143	340	\$275,349
FY 2015	\$220,947	196	\$139,108
FY 2014	\$137,859	163	\$117,432
FY 2013	\$81,423	86	\$58,693
FY 2012	\$80,496	124	\$74,303
FY 2011	\$109,605	199	\$114,180
FY 2010	\$94,870	160	\$98,012
FY 2009	\$66,184	168	\$92,695

<sup>i</sup>Amount available for distribution is from annual report; number of grants and amount awarded reflects all current FY urgent care awards and general awards from last quarter of previous FY plus the first three quarters of the current fiscal year.

Charitable staff work conscientiously to award grants throughout the state to help “fill the gap” for needy people with disabilities. Here are a few brief examples<sup>2</sup> of how the Charitable Trust has made a difference:

- ☀ **Sarah** is a 32 year old woman with cerebral palsy. She lives alone with limited help during the day. Sarah is unable to lock and unlock her door at home, her physical disability renders her unable to insert and turn a key in the lock. For \$106, we were able to provide an electronic deadbolt with a remote so Sarah can increase her independence and safety.
- ☀ **Joshua and Mark** are two young brothers, both with autism. They live with two older siblings and their single mother. Each is an elopement risk and Joshua once exited the home only to be found 10 minutes later a ½ mile away. For \$3,000 (a \$1,500 Charitable grant for each boy), we were able to fund fence supplies and a local agency provided the labor to build a fence for the family. These inquisitive boys can now play safely in the yard.
- ☀ **19 young people** attended Camp Barnabas and Wonderland Camp last year with Charitable Trust grants. They enjoyed the experience and family members appreciated a welcome respite.

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<sup>2</sup> The names and other details were changed to protect the confidentiality of beneficiaries.



## ***FY 17 Goals***

Through the thoughtful and strategic efforts of a prudent Board, MSNT is poised for continued growth. Toward that end, the following goals have been established for the coming year:

- ✿ Increase ITA account values by 10%
- ✿ Increase ITA additions by 10%
- ✿ Increase Charitable donations by 10%
- ✿ Enhance MSNT infrastructure and utilize quality improvement technology to improve the customer service experience, increase accuracy, efficiency and productivity of staff
- ✿ Update and revise Policy & Procedures manual
- ✿ Recruit, hire & orient a third ITA specialist
- ✿ Utilize Quality Improvement Team in the review of each Trust process



## ***Acknowledgements and Appreciation***

MSNT's success is the direct result of the vision and persistence of dedicated families who saw a better future for their loved ones with disabilities through the use of Special Needs Trusts. Their legislative influence, dedicated volunteer service as MFT board members, community education and outreach, and continued referrals have built a solid foundation for MSNT, assuring sustainability for many years to come. MSNT will continue to honor that legacy by striving for excellence in customer service and assuring the dignity of choice and access to public benefits for trust beneficiaries.

MSNT is also indebted to the many legal and human service professionals who recognize the value of MSNT services and refer their clients to MSNT. We appreciate their confidence.

Finally, MSNT continues to grow because beneficiaries and their families choose MSNT as Trustee to administer trust assets to provide for their supplemental needs while protecting their public benefits. MSNT will continue to work diligently to earn and honor their trust.