


Special Needs Trusts: Supplementing Public Benefits for People with Disabilities

CPS SAC
April 24, 2014




Presentation Overview




- MSNT background
- Special Needs Trusts & Benefits
- Unique services & value of MSNT as trustee
- Charitable Trust
- Questions & Discussion

Midwest Special Needs Trust (MSNT)



- Created by Missouri Statute in 1989 as Missouri Family Trust
- Values-driven board appointed by Governor
- Public entity subject to audit reporting requirements and Sunshine provisions
- Not for profit 501 c 3 ad determined by IRS
- Self-supporting with no state or federal appropriations

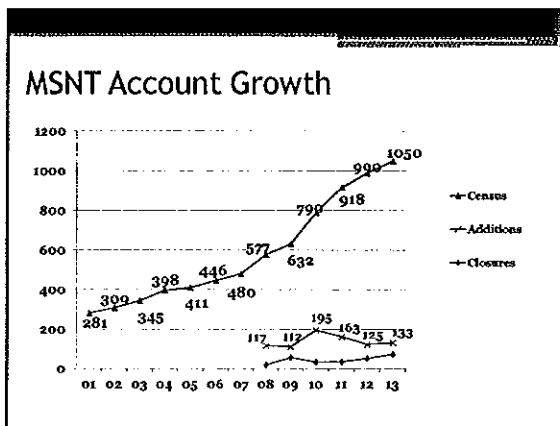
Midwest Special Needs Trust (MSNT)



- Also operate Missouri Charitable Trust
- Capable of establishing restricted accounts such as the MH Foundation
- DMH contracts for burial fund and consumer education

Special Needs Trust Administration

- 1088 active accounts and approximately 100 inactive, 90% in MO
- Hold approximately 32.5 million in trust assets
- Contract with Landmark Bank for investments and banking services
- Range from \$500 to \$1m with average size at opening of \$25,000



What is a Special Needs Trust (SNT)?

- Financial planning and estate tool
- Account for an individual with a disability
- Administered by trustee/co-trustees
- Exempt asset that protects eligibility for SSI, Medicaid and other public benefits
- Trust funds can be used for supplemental needs, NOT basic support needs


Two Types of SNTs

- First Party or Self-Settled
 - Typical sources of funds
 - Back payment from Social Security
 - Inheritance
 - Personal Injury Settlement
 - Medicaid payback required
- Third Party
 - Family donors
 - Typically revocable until donor's death
 - Does not require Medicaid payback

What's "Special" About a SNT?

- Trust language protects benefits
 - Sole benefit of life beneficiary
 - Used only to supplement benefits
 - No distributions that negatively affect benefits
- Trust exemption allowed by Medicaid and SSI regulations
- MO Statute exempts resource for DMH services
- Funds can be used for wide range of living and health needs
- No upper limit on amount in trust

Trust Myths

- Trusts are only for rich people! 
- I have to disinherit my child with a disability or he/she will lose Medicaid/waiver slot.
- My other children will care for their sibling with disability with the money I leave them.
- My child is in a waiver program and I don't have to worry – Medicaid programs will take care of my adult child with a disability when I am gone!
- I can't afford to set up a trust for my child with a disability.

Federal Authority Protecting Public Benefits for SNT Life Beneficiaries


Exception for Counting Trust Resources for Persons with Disabilities

- Federal Medicaid Regulations
 - Title 42 US Code Section 1396p(d)(4)(A)
 - Title 42 US Code Section 1396p(d)(4)(C)
- SSI
 - Section 1917(d)(4)(A) of the Social Security Act
 - Section 1917(d)(4)(C) of the Social Security Act
 - www.ssa.gov

Impermissible Trust Distributions

- Payment for a service already paid by another source
- Distributions not in the best interest of the beneficiary
- Any distribution for the primary benefit of someone other than the life beneficiary of the special needs trust






Examples of Trust Distributions that will reduce SSI benefits

- Basic shelter-related expenses
- Groceries/food, alcohol
- Cash for any purpose

Impermissible	Allowable
<ul style="list-style-type: none"> • Rent or mortgage payments • Basic utilities • Groceries or food • Cash to the life beneficiary • Alcohol, illegal drugs or gambling • Firearms, explosives, fireworks • Charitable donations • Gifts to others • Anything paid already by another funding source • Full cost of anything shared with others in household • Any expense, including funeral expenses after the death of the life beneficiary • Payment to independent caregivers 	<ul style="list-style-type: none"> • Clothing • Clothing • Transportation expenses • Services or costs not covered by Medicaid • Telephone or cable • Furniture or household items • Cleaning supplies • Modifications to home for accessibility with additional review and board approval • Communication or other assistive devices not covered by Medicaid • Prepaid burial plan • Agency caregivers or fiscal agents for self-directed services

Inactive Trust Option

- Option when trust will be funded at a later date by inheritance or life insurance, for example
- Does require \$200 up-front to set up
- No fees assessed in meantime
- EIN for trust obtained when trust is funded and opened as an active trust
- Handout as a resource




MSNT Recognized as Pooled Trust

- MSNT qualifies as Pooled Trust under federal law [(d)(4)(C)]
 - No age restriction but states may impose a transfer penalty for beneficiaries over 65
 - Must be established and administered by a non-profit
 - Must be for the sole benefit of individual with a disability
 - May be established by the disabled individual, a parent, grandparent, legal guardian, or a court
 - State pay-back clause required

Why choose MSNT as trustee?

- Mission-driven with >20 years of experience
- Pooled trust allows PWD as settlor
- Knowledgeable about public benefits & disability services
- Low minimum deposit & minimum balance
- Process distributions daily
- Upon request, submits trust info to SSA/FSD
- Reasonable administrative fees
- MSNT offers investment choices for managing individual accounts
- Minimizes co-trustee burden

“Experience is generally worth the price no matter how dearly bought.”



-Unknown

NFP Trust Organization compared to Bank Trust Services

- Expedited payback to Medicaid
- Charitable Trust for Missourians with disabilities
- Contribute to local and state economy
- MSNT is a recognized pooled trust

Charitable Trust

- Application
 - Proof of disability (must be SSI or SSDI recipient)
 - Proof of income
 - Estimate for goods/services
 - Sponsorship
- Review and awards
 - Board quarterly for general grants
 - ED twice monthly for urgent, typically dental grants
- Notification of award, \$1000 maximum
- Payment of award to vendor/provider

Recent Annual CT Award History

FY 2014	<i>Available for use</i>	\$137,859
FY 2013	86 awards	\$58,693
FY 2012	124 awards	\$74,303
FY 2011	199 awards	\$114,181
FY 2010	160 awards	\$98,013
FY 2009	168 awards	\$92,696

Charitable Trust Award Examples

- Orthotics
- Home modifications for accessibility (ramps, grab bars, shower chairs, Hoyer lifts)
- Lift and wheelchair repairs
- Communication devices & supports
- Hospital beds/mattresses
- Educational opportunities

MSNT Contact Information



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Questions & Discussion