Investment Advice offered through Private Advisor Group, a registered investment advisor.
WHAT WE ARE GOING TO COVER

1.) Why Planning for the future is so important
2.) Documents and accounts you need to be aware of
   • Special Needs Trusts Vs. ABLE Accounts.
   • Some pitfalls in estate planning
3.) Ideas on developing a team of support
WHY PLANNING IS IMPORTANT
GOVERNMENT BENEFITS

- **Money**
  - Supplemental Security Income (SSI)
  - Social Security Disability Insurance (SSDI)
  - Disabled Adult Child (DAC)

- **Medical**
  - Medicaid
  - Medicare

- **Housing**
  - Living with Parents/Family
  - Section 8 Housing /Group Homes/ Supportive Living
SUPPLEMENTAL SECURITY INCOME

• Social Security Disability Insurance (SSDI)
  • Pays benefits to disabled individuals who are unable to work regardless of their income and resources

• Supplemental Security Income (SSI)
  • Pays disabled individuals who are unable to work AND have limited income and resources
SSI AND MEDICAID

- Financially Means Tested
- Limited Assets and Income Allowed
- Parental deeming stops at age 18
- In-kind support and maintenance may reduce SSI benefit
  - Food and Shelter
- SSI is the gateway to Medicaid
SSDI AND MEDICARE

- Not financially means tested
- No limit on assets
- No reduction of SSDI for in-kind maintenance and support
- Medicare coverage
  - Subject to a two year waiting period with certain exceptions
Medicare vs. Medicaid: Which Coverage Option is Best for You?

**Medicare**
- Federally-funded program
- Nationwide coverage consistency
- Mostly benefits people ages 65 & older
- Participants pay deductibles and part of coverage costs

**Medicaid**
- Federally and state-funded program
- Coverage varies from state to state
- Mostly benefits pregnant women, individuals with disabilities, & people with low incomes
- Participants pay little or nothing for coverage

**Both**
- Benefits people with disabilities
- May offer prescription drug coverage
- May offer outpatient and inpatient hospital coverage

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HOW YOU CAN BE FINANCIALLY PREPARED
CONTRIBUTING TO AN Able ACCOUNT

- Contributions are made post-tax by any person.
- Contributions are NOT tax deductible for federal income taxes.
- May be income tax deductible in some states.
- Account owners have the ability to control their own funds when able.
- Investments grow tax free for qualified expenses.
ADVANTAGES OF ABLE

• Why May One be Necessary?
  • Income from ABLE accounts do not impact eligibility for public benefits
    • SSI
    • SNAP
    • Medicaid
  • Benefits for these programs cease after assets reaches more than $2000.
    • ABLE accounts operate without increasing that number
BUT WHO WILL MANAGE THE MONEY

• Make it as easy as possible
  • Plan to make sure that the money should last
  • Take into consideration how much money is needed

• Taxes matter
  • Planning for tax efficient growth and income at different stages of your life and theirs

• Are we planning for the proper time horizon?
  • Make sure there are accurate projections based upon realistic life expectancy.
BUT I HAVE NO MONEY

- You can try and win the lotto.
- Most commonly we suggest to leave money AFTER you are gone.
- What assets might turn into cash?
- Life Insurance can be tool but be cautious and make sure the agent/advisor understands your need.
- Having a family member with a disability does not make them qualified alone.
• Just because you can do something, doesn't mean that you should.

• Recent tax law changes apply to “stretch” IRAs for Disabled Beneficiaries.

• But they are subject to more restrictions, taxes and make planning complex.

• Note: We are talking about retirement accounts, not housing.
HOW YOU CAN BE LEGALLY PREPARED
SPECIAL NEEDS TRUSTS OVERVIEW

- Also known as Supplemental Needs Trusts
- Used to supplement, but not replace, public benefits
- Created or codified by changes to Medicaid law
- Highly dependent on state implementation of the law
ALWAYS USE SOMEONE ELSE'S MONEY

• 1st Party Trusts are More Restrictive, and with payback provisions

• 3rd Party Trusts, are much more flexible, without court oversite, and no payback provision.
COMMON MISTAKES AND TIPS

- **DO NOT** - Using the attorney who helped you buy your house.

- **DO** – Go through the pile of documents your attorney gave you.

- **DO NOT** – Leave documents for old accounts around.

- **DO** – Consolidate Accounts
GENERAL DOCUMENTS

- Wills
- Powers of Attorney
- Advance Directives
- Letter of Intent
- Living Wills
BUILDING THE RIGHT SUPPORT NETWORK
THE WHOLE PICTURE

• Care teams are an important part of any special needs individual’s financial future
• Important to make sure that caregivers are planning for their own financial future
• Preparation by caregivers leads to financial independence for their dependents
WHO WILL BE THERE?

- How many hours a week do you spend caring for you loved one?
- Delegate as much as possible to professionals who take on administrative roles
- Don't burden siblings or other family members out of guilt, or obligation
- Plan now, not later.
- Don’t just listen to recommendations from friends, even if they have a child who has a disability!

WILLS
Lots of People Have Them, And Most of Them Stink
WHO CAN MANAGE IF NOT FAMILY OR FRIENDS?

- Specialty trust companies exist that focus on special needs, many don’t do special needs at all.
- They can help you organize everything in one place ahead of time.
- Many trust companies won’t manage property or real estate.
- Do you think your loved one will be served better by a banker or social worker?
HOUSING IS COMPLICATED

• It's more complicated than you think
• State waiver systems may help with care, not the cost of housing
• The easiest solution is not always the best solution
• Who will manage the property and all that goes with it?
THE MOST IMPORTANT THING YOU CAN DO

- Think about your goals, where you want to go, how you are going to get there.

- You can't plan after you are gone.