

Special Needs Trusts and ABLE Now

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The Arc's Mission Statement

To promote & protect the human rights of people with intellectual & developmental disabilities (ID/DD) & actively support their full inclusion & participation in the community throughout their lifetimes.

Who we are:

The Arc of Northern Virginia is a local chapter of the largest non-profit organization supporting thousands of people with ID/DD & their families.

How we're funded:

We receive some funding for the direct services we provide, but we are largely supported by membership dues and donations.

What We'll Cover Today

1. Benefits To Protect
2. Overview Special Needs Trusts (SNTs)
 - First-Party/Self-Funded Trusts
 - Third-Party/Family-Funded Trusts
 - The Arc of NOVA's Role
3. ABLE Accounts

Naming A Few Means-Tested Benefits

1. Medicaid
2. Supplemental Security Income
3. Housing Choice Voucher
4. State Rental Assistance Program
5. Virginia Supplemental Nutrition Assistance Program (SNAP)



Defining Special Needs Trusts (SNT)

A legal vehicle that provides benefit to, and protects the assets of a person with disabilities, and still allows that person to qualify for and receive government benefits

Who Qualifies For A SNT?

Anyone who has a:

1. Physical,
2. Mental, and/or
3. Developmental Disability

*as defined by the Social Security Act

Why Establish a SNT?

1. Protect government benefits (SSI, Medicaid, Housing Vouchers, SRAP, etc.)
2. Supporting individuals with money management and long-term financial planning
3. Promoting the dignity, comfort, and happiness of the person with disabilities

Defining Roles Within SNTs

Trustee (KeyBank)	(Co-) Trustee(-s)
Trust Manager (The Arc of NOVA)	-----
Grantor (Person/Persons Establishing Trust)	Grantor
Beneficiary (Person Benefiting From Trust)	Beneficiary
Primary Representative (Supports For Using Trust)	(Trust Advocate)
Remaindermen (Receives Remainder)	Remaindermen

Two Types of SNT Trusts

Third-Party/Family-Funded Trusts

- Established by someone other than the beneficiary
- Funds seeding the account do not belong to the beneficiary
- Upon beneficiary's passing, remainder can be directed to persons without requiring a Medicaid payback (if applicable)

First-Party/Self-Funded Trusts

- Established by the beneficiary or someone with legal authority acting on behalf of the beneficiary
- Funds seeding the account **MUST** belong to the beneficiary (SSA backpay, unexpected inheritance, etc.)
- Upon beneficiary's passing, remainder is subject to Medicaid payback before directing to other persons, OR, can be left as a contribution as a Personal Support Trust Self-Funded Trust to help support the ongoing services and supports to others with disabilities

Third-Party/Family-Funded Special Needs Trusts

Established by: Parents, Relatives, Friends

Why/When: Second to passing; may fund the trust prior to death with seed money (minimum of \$500)

How to Fund: Inheritance, life insurance policy, transfer from another trust, contributions, real property, etc.

What Happens After Passing: The grantor (who establishes the trust) decides who will inherit the remaining funds

***cannot be the beneficiary's money**



First-Party/Self-Funded Special Needs Trusts

Established by: Individual w/ disabilities, parent, grandparent, Guardian, court-ordered, or agent under Power of Attorney

Why/When: **ONLY WHEN NECESSARY:** when person with disabilities needs to apply for or protect benefits &/or cannot manage money

How to Fund: Unexpected inheritance, lump-sum pay back from SSA, jury-decision, settlement, income, adult child support, military survivor benefit (SBP) program, alimony, lottery

What Happens After Passing: Medicaid payback then heirs at law, OR, contribution to The Foundation of The Arc of Northern Virginia

***must be the beneficiary's money**



Items to Consider When Requesting Funds from a Trust



- Requested funds from a Trust are referred to as “disbursements”
- Processes below are followed to ensure benefits are protected when using your Special Needs Trust
 - To process a disbursement, The Arc of NOVA requests a completed disbursement form and clear supporting documentation to demonstrate the need for an item and how it benefits the person
 - Cash cannot be disbursed from a Special Needs Trust with The Arc of Northern Virginia
 - The Arc of Northern Virginia has sole discretion on approval of disbursements
 - We encourage requesting pre-approval for any non-medical expense over \$300
- A Special Needs Trust does not operate like a typical bank account; reviews of requests are required to ensure proper management of assets
- Processing of requests requires **ten business days** upon submitting a request
 - Five business days for The Arc of NOVA to review documentation
 - Five business days for KeyBank to process the payment to the identified payee

Some Examples of Allowable Disbursement Requests

- Monthly bills (cell phone, utilities*, insurance premiums, co-pays, etc.)
- Living expenses* (food, clothing, shelter)
- Personal needs
- Recreational activities
- Vacations
- Vehicles*
- Taxes
- Pre-paid burial plans*
- Environmental Modifications*
- Assistive Technology*

*Evaluated on a case by case basis based on the benefits received by the beneficiary

The Arc of Northern Virginia SNT Fees

The Arc's one-time enrollment fee: \$1050.00

- 2nd trust for same individual or their sibling: \$775.00

Annual fee of each after trust establishment:

- Unfunded account: \$65.00

OR

- Funded account:
 - Seed money minimum: \$500.00
 - Annual Management and Trustee fee: 1.44% (0.12% monthly)
 - Tax preparation fee for active accounts: \$40.00 (if applicable)

Termination fee: \$250.00

*Fees are subject to change

How To Establish a SNT with The Arc

1. Learn about SNTs and determine if one is right for you/your loved one (our website has lots of free information)
2. Schedule a consultation, if more information is needed, or you want to discuss your case
3. Schedule an establishment appointment (online, or with our Administrative Coordinator)
4. Collect documentation needed for trust establishment (we will provide information on what is required prior to the establishment appointment)
5. Pay enrollment fee and attend your establishment appointment
6. After the appointment, we require a notarized copy of the signature page to officially process the trust
7. Upon receipt of necessary documents, your trust is sent to KeyBank and will be established

Who To Contact To Establish a Trust with The Arc of Northern Virginia

- The Arc of Northern Virginia offers a complimentary consultation (50 minutes) to discuss your family's needs before moving forward with an establishment appointment
- Options to schedule a consultation and/or establishment appointment can be done via our website OR emailing our Administrative Coordinator (Grace Rhodes):
 - Visit our website at <https://thearcofnova.org/program/trust/> to schedule a time that works for you
 - Email Grace Rhodes (grace.rhodes@thearcofnova.org) to request an appointment



What Is The ABLE Act?

Stands for: Achieving a Better Life Experience (ABLE)

- Signed by President Barack Obama on December 19, 2014

Purpose: Authorizes states to create a new category of savings programs for people with disabilities who qualify

- Like a Special Needs Trust, it allows assets to be held in accounts without affecting eligibility for Medicaid and Supplemental Security Income (SSI)

Intention: To be used for “qualified disability-related purposes”

*<https://secure.ssa.gov/poms.nsf/lnx/0501130740>

Facts about ABLE

<u>Onset of Disability:</u>	Qualifying disability exists prior to the age of 26
<u>Who establishes:</u>	Beneficiary, parent, guardian, authorized representative
<u>Number of Accounts:</u>	ONE
<u>Fees:</u>	Financial institution fees
<u>Contribution Limits:</u>	\$18,000/year (for 2024); SSI suspended when account is over \$100K
<u>Investment Options:</u>	Investment strategies may be changed twice per year
<u>Allowable Distributions:</u>	Items defined as a “qualified disability expenses”
<u>Taxes:</u>	Earned income is tax-free
<u>Medicaid Payback:</u>	Yes, for Federally funded Medicaid; No, for State funded VA-Medicaid.

Defining “Qualified Disability Expenses”

Must be:

- Related to blindness or disability of designated beneficiary
- For the benefit of the designated beneficiary

Some examples include:

- Education
- Housing
- Transportation
- Employment training/support
- Assistive Technology and related services
- Health
- Prevention and wellness
- Financial management and administrative services
- Legal fees
- Funeral and burial
- Expenses for ABLÉ account oversight and monitoring
- Basic living expenses

How To Establish an ABLE Account

1. Navigate to website (<https://www.ablenow.com/>) and select “Open an ABLE Account”
2. Be prepared to provide:
 - Name
 - Address
 - Date of Birth
 - Social Security Number
 - Bank Account Information (optional)
3. Select “Complete Application” and fill out information
4. You’ll then receive a welcome email on how to use your ABLE Now
5. ABLE Now card will be mailed and will arrive within 7-10 business days

Questions?

Please feel free to contact me should you have
any additional questions:

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