



What is a Special Needs Trust?

A Special Needs Trust can be created by the parents or guardians of a loved one with special needs or by people with special needs who want to preserve their own assets; it's designed to preserve the disabled beneficiary's ability to receive government benefits like Supplemental Security Income (SSI) and Medicaid, to protect against potential financial abuse, and to provide oversight to ensure the money in the trust is spent wisely.

What is SSI & Medicaid?

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.

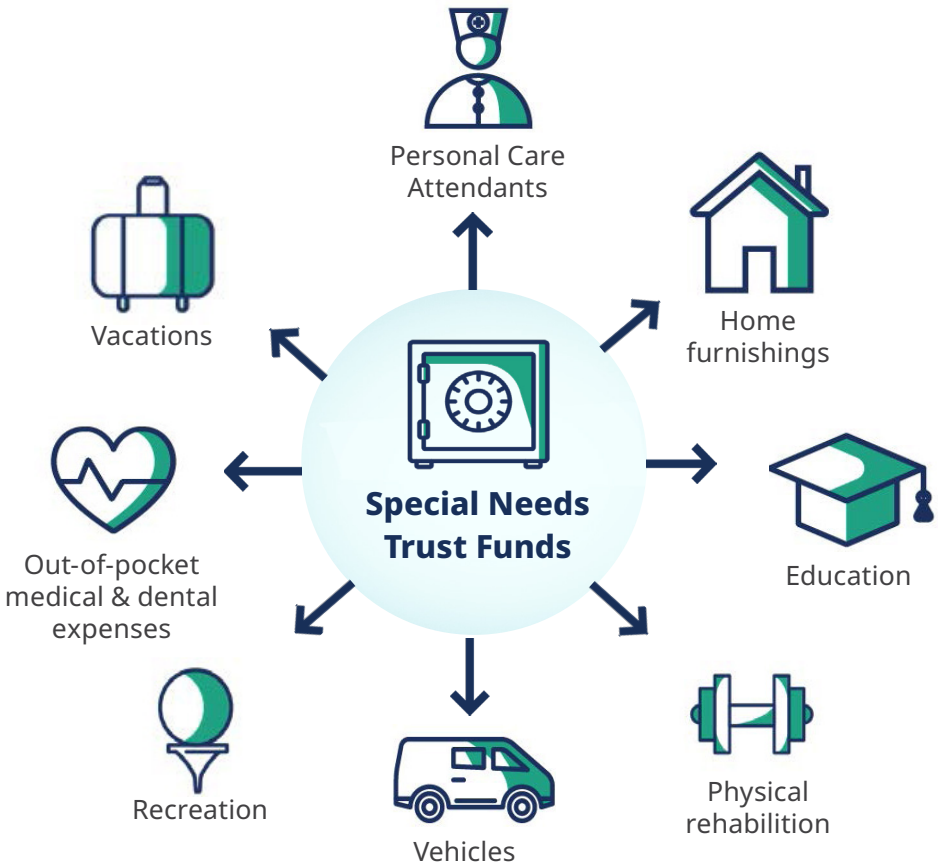
SSI and Medicaid are needs-based government programs for people with limited resources. To be eligible, disabled individuals must show they have minimal income and less than \$2,000 in assets. So, if you leave an inheritance in excess of this amount directly to your disabled loved one, he or she will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



What can funds be used for?



* The beneficiary does not have control over the trust. Instead, trust funds are under the control of your designated trustee.





Who should serve as the trustee when I'm gone?

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. For this reason, many people choose a corporate trustee.

Can Members Trust Company serve as trustee?

Yes. Members Trust Company is committed to serving Special Needs Trust beneficiaries and their families. We have a network of local and national resources to support our beneficiaries and ensure their needs are being met while helping us to protect the integrity of their public assistance benefits.



What are the 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.



Financial Independence for Beneficiaries

We've partnered with TrueLink to offer customizable Visa prepaid cards to certain beneficiaries, which allow only purchases that will preserve eligibility for government benefits.



Informed Distribution Process

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



Caregiving Loved Ones 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.





Can I simply leave funds to the sibling of my special needs child?

While you may have the best intentions, please keep in mind the following:

- In the event of divorce, the sibling's spouse could take half the funds intended for your special needs child.
- If the sibling passes away, there is no guarantee that his or her heirs will continue to care for your special needs child.
- The sibling's creditors will be able to reach funds designated to help your special needs child.



In what ways does Members Trust provide funds to beneficiaries?



Payment directly to a third-party provider for a non-food and shelter service



Payment to a True Link Card that has built-in spending restrictions




Reimbursement of permissible expenses, payable to the credit card company

Only in rare cases, after consultation and consent of counsel, will Members Trust Company seek to make a payment or provide cash to a beneficiary.



What is a Third-Party Trust?

A Third-Party Trust contains assets that originally belonged to someone other than the beneficiary before they were placed in the trust. A Third-Party Special Needs Trust is also sometimes referred to as a supplemental needs trust. Someone, such as a parent or grandparent (a third party), gives his or her property to a trust for a beneficiary with a disability. When the beneficiary dies, the remaining trust funds go to the loved ones designated by the creator of the trust.





What is a First-Party Trust?

A First-Party Trust contains property that originally belonged to the beneficiary before it was put in trust. A First-Party Trust is also sometimes referred to as a pay-back trust. In order for the government to approve a First-Party Special Needs Trust for purposes of the SSI or Medicaid program, it must be: (1) irrevocable; (2) created for a beneficiary with a disability; and (3) at the death of the beneficiary, Medicaid expenses incurred during the beneficiary's lifetime must be paid back prior to distributing any remaining trust assets to loved ones.



What is In-Kind Income?

In-kind income is any food or shelter item that an SSI recipient receives from a third party, including a Special Needs Trust. Social Security considers the following items to be countable shelter expenses that reduce SSI benefits:



Mortgage



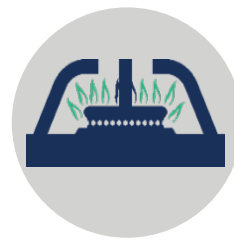
Rent



Real Estate Taxes



Heating Fuel



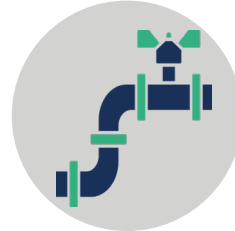
Gas



Electricity



Water



Sewer



Garbage Removal





What is the Sole Benefit Rule?

The Sole Benefit rule requires that payments from a Special Needs Trust be for the sole and/or primary benefit of a beneficiary. For example, if a beneficiary requires special care and wants to go on a vacation, the trust may pay for others to accompany the beneficiary to the extent that--but for the assistance of others--the beneficiary would not be able to go.

Can other family members contribute to a Special Needs Trust?

Yes. It's important that family members and friends contribute funds to a Third Party Trust, instead of directly to your loved one with special needs, in order to avoid gifted funds being subject to First Party Trust payback obligations.



How is a Special Needs Trust typically funded?

Often, a Special Needs Trust is set up, but not funded, while the trust creators (often parents) are alive. Upon the death of the surviving parent, the couple's will or trust transfers the child's portion of an inheritance to the Special Needs Trust. The trust can also be designated as the beneficiary of various assets, such as employee benefits and life insurance policies.

Typically, a Special Needs Trust is funded using:



Life Insurance



Cash



Investments



Retirement Plan Benefits



Real Estate



Proceeds from a Personal Injury Settlement





How do I create a Special Needs Trust?

The most reliable way to protect the future of your loved one with special needs is to have an experienced attorney draft a Special Needs Trust. The laws surrounding these trusts and relevant government benefits are complex and subject to change. You need an attorney who keeps current with the shifting legal environment and is skilled with the often nuanced language required. Ideally, the attorney you select devotes a significant amount of his or her practice to this type of work. When interviewing potential attorneys, keep in mind that many attorneys with expertise in Special Needs Trusts tend to practice elder law and have a legal specialty that is typically certified by the applicable state bar.

When should I create a Special Needs Trust for my loved one?

Life is unpredictable and death and incapacity can affect us at any point in time. You should plan your Special Needs Trust early on, just as you would carry out planning for other dependents or loved ones. Parents with special needs children, who will likely require governmental assistance to meet basic needs, should draft a Special Needs Trust. In fact, even if you have no children with special needs, it would be wise to incorporate a standby Special Needs Trust that takes effect in the event of an unforeseen event.





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. Our sole mission is to help you protect your hard-earned assets, achieve your financial aspirations and to ensure your financial legacy thrives, which is where the Wall Street expertise comes in. Our team of investment professionals has been continually recognized in the industry as innovators and subject matter experts in trust and investment solutions, big and small.



Trust Services

Corporate Office:
14055 Riveredge Drive
Suite 525 | Tampa, FL 33637

(888) 727-9191
Local: (813) 631-9191
Fax: (813) 631-9898

MembersTrust.com

Corporate Office:
110 South Main St.
South Bend, IN 46601

(800) 552-4745

tcunet.com

Trust services provided by Members Trust Company, a federal thrift regulated by the Office of the Comptroller of the Currency. Trust and Investment products are not federally insured, are not obligations of or guaranteed by the credit union or any affiliated entity, involve investment risks, including the possible loss of principal. This is for informational purposes only and is not intended to provide legal or tax advice regarding your situation. For legal or tax advice, please consult your attorney and/or accountant.

