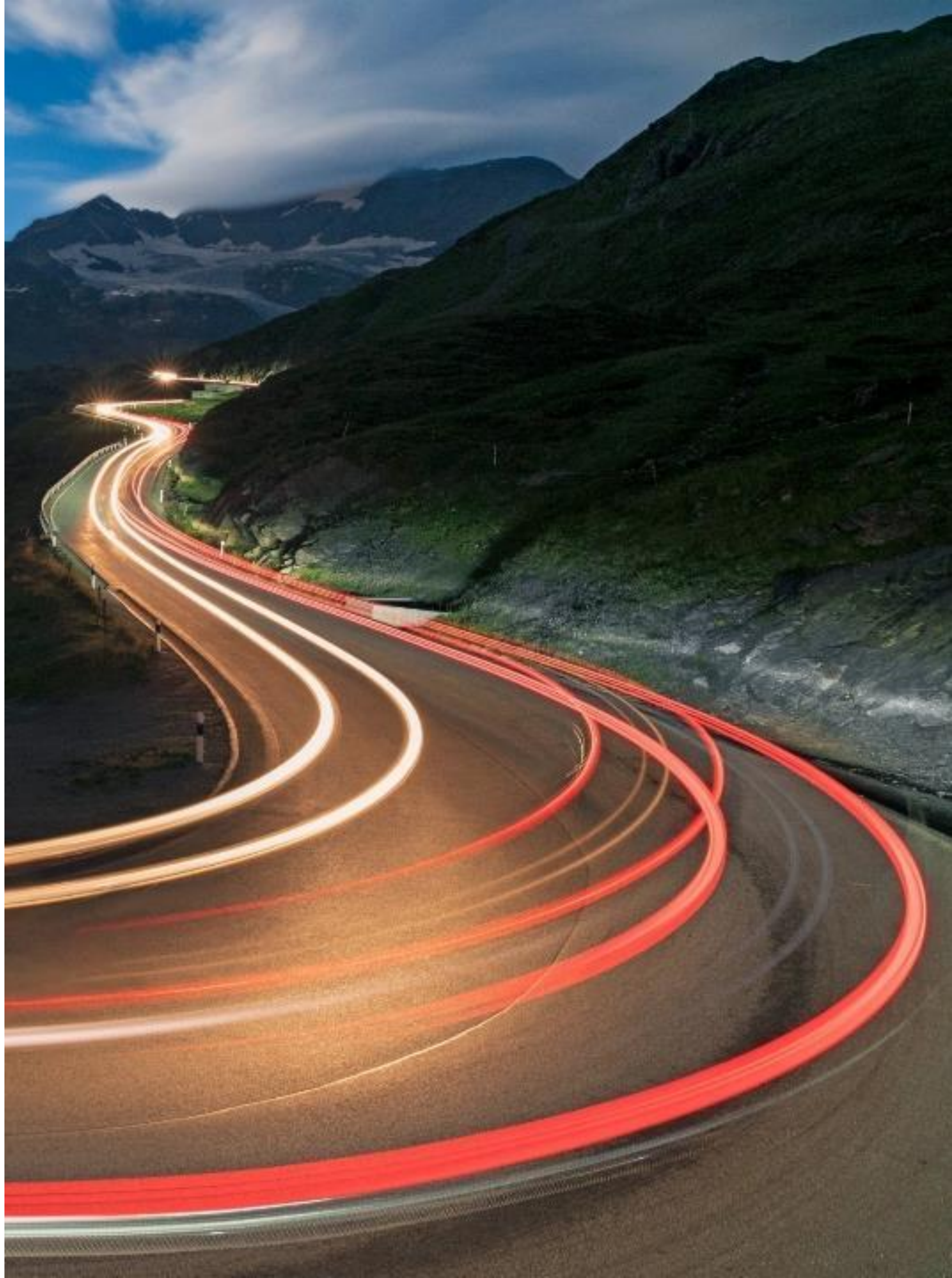
Morgan Stanley

Navigating Financial Planning with a Disability

A Guide for Individuals or Family Members with Disabilities

Barney Grossman, CRPC, ADPA
Vice President, Financial Advisor
Senior Portfolio Manager, Financial Planning Specialist
NMLS# 1265033

The Schwitzer Grossman Group at Morgan Stanley
5001 Spring Valley Road Suite 900W | Dallas, TX 75244
Phone: +1 972 450-6664
eFax +1 469 804-1878
Barney.Grossman@morganstanley.com



Everyone’s situation is different. Disability is a broad term, and it can take many forms.

As always, we are providing some ideas to consider. Do what works best for you and your family.

Individuals with Disabilities Are a Large Group With Unique Considerations

1 in 4

or **27%** of adults in the United States has some type of disability. And **80%** of disabilities are acquired between age 18 – 64.

7.3M

of K-12 students in the U.S. are disabled which made up **15%** of the enrolment in the 2021 – 2022 school year.

9.8M

of Americans are participating in the workforce with disability.

23%

is the average employment rate for people with disabilities compared to 66% for people without disabilities.

Developmental

Behavioral

Physical

Learning

Mental Health

Agenda

Building a Plan

Special Needs Financial Planning Timeline

Planning For Multiple Lifetimes

Birth

You are beginning a new journey and will have a different set of challenges.

- Implement Estate Planning documents (wills, special needs trust, powers of attorney) with an attorney who specializes in special needs estate law
- Early Intervention, Therapies, Doctor visits
- Feeling overwhelmed? You are not alone! Seek out other parents / support groups
- Medicaid eligibility?

Age 3

You are entering a period of growth and change for both you and your child

- Do you know how to plan appropriately for your child with special needs?
- What if the unthinkable happened: if you or your spouse died prematurely or became disabled?
- More acronyms to now know: *Individuals with Disabilities Education Act* (IDEA), *Free Appropriate Public Education* (FAPE), *Individualized Education Program* (IEP), *504 Plan* (Falls under Section 504 of the Rehabilitation Act of 1973), etc.
- Be careful not to open any accounts in your loved one's name!
- Begin working on Memorandum of Intent

Age 14

It is never too early or too late to start planning for the future. Your child will be developing both life and vocational skills as they approach age 22.

- Have you created a vision for your child's future and a plan to fund it?
- What about higher education for your child?
- How does college planning for your neurotypical child(ren) fit in?
- Review estate plans and Special Needs Trust provisions
- Investing correctly for Multiple lifetimes of income

Special Needs Financial Planning Timeline

Planning For Multiple Lifetimes

Age 18

The door to Federal Government benefits is now open.

- Are you maximizing all possible government benefits?
- How do we make sure these benefits are protected in the future - $2,000 limit!
- No time for procrastination – importance of age 22!
- Evaluate Guardianship vs Powers of Attorney
- Alternative insurance planning strategies
- Continue to work on Memorandum of Intent

Age 22 & Beyond

What does Quality of Life Mean to You?

- Have you explored various housing options?
- Who will provide continued support?
- Where will the money come from?
- Memorandum of Intent helps with Person Centered Planning
- Evaluate potential role of an *Achieving a Better Life Experience Act* (A.B.L.E.) Account
- How can other family members like grandparents help?
- How much does my loved one need??

Retirement

Multi Person Retirement Planning

- How to plan for more than one lifetime of income
- Starting Social Security at the correct time
- Retirement travel may be different
- What if Mom/Dad needed lifetime care?

Parent's Death

Estate Planning

- Is the Special Needs Trust going to be funded adequately?
- What are the tax ramifications on our estate?
- How do we equalize the estate amongst all heirs?
- Are their charities/causes to include?
- Will there be enough money for the siblings?

Structuring Your Plan

It can feel overwhelming to determine the best path forward, but there are best practices you can leverage.

CREATE A SUPPORT PLAN

An overarching plan for how you will manage your family's care needs today, and as your situation evolves.

PREPARING FOR THE UNEXPECTED

Can play an important role in protecting your family and covering major expenses.

EDUCATION NEEDS

For families with a disabled dependent, determining the type of education support are appropriate for your dependent.

ESTATE STRUCTURE

Developing an estate plan could help your family feel confident about the path forward.

GOVERNMENT BENEFITS

Understanding how to access and preserve government benefits.

A Budget Is the Foundation of Your Planning Strategy

- Calculate your income.
- Track current expenses.
- Separate needs and wants in the context of your overall goals and objectives.
- Set your budget.
- Stick with it, monitor your results and adjust if necessary.

KEY POINT

Plan for any key expenses like medical co-pays, specialized transportation, in-home assistance, etc.

Resources to Help with Budgeting and Saving

There are many resources available to help you proactively plan for your financial future.

The U.S. Department of Labor has created an employment toolkit for people with disabilities.[(1)]

ABLE Accounts [(2)] offer a tax-advantaged way to help eligible individuals with disabilities save and prepare for certain *Qualified Disability Expenses* (QDEs).

An approved Plan to Achieve Self Support (PASS), may allow you to set aside money to achieve a work goal while maintaining eligibility for *Supplemental Security Income* (SSI) benefits.[(3)]

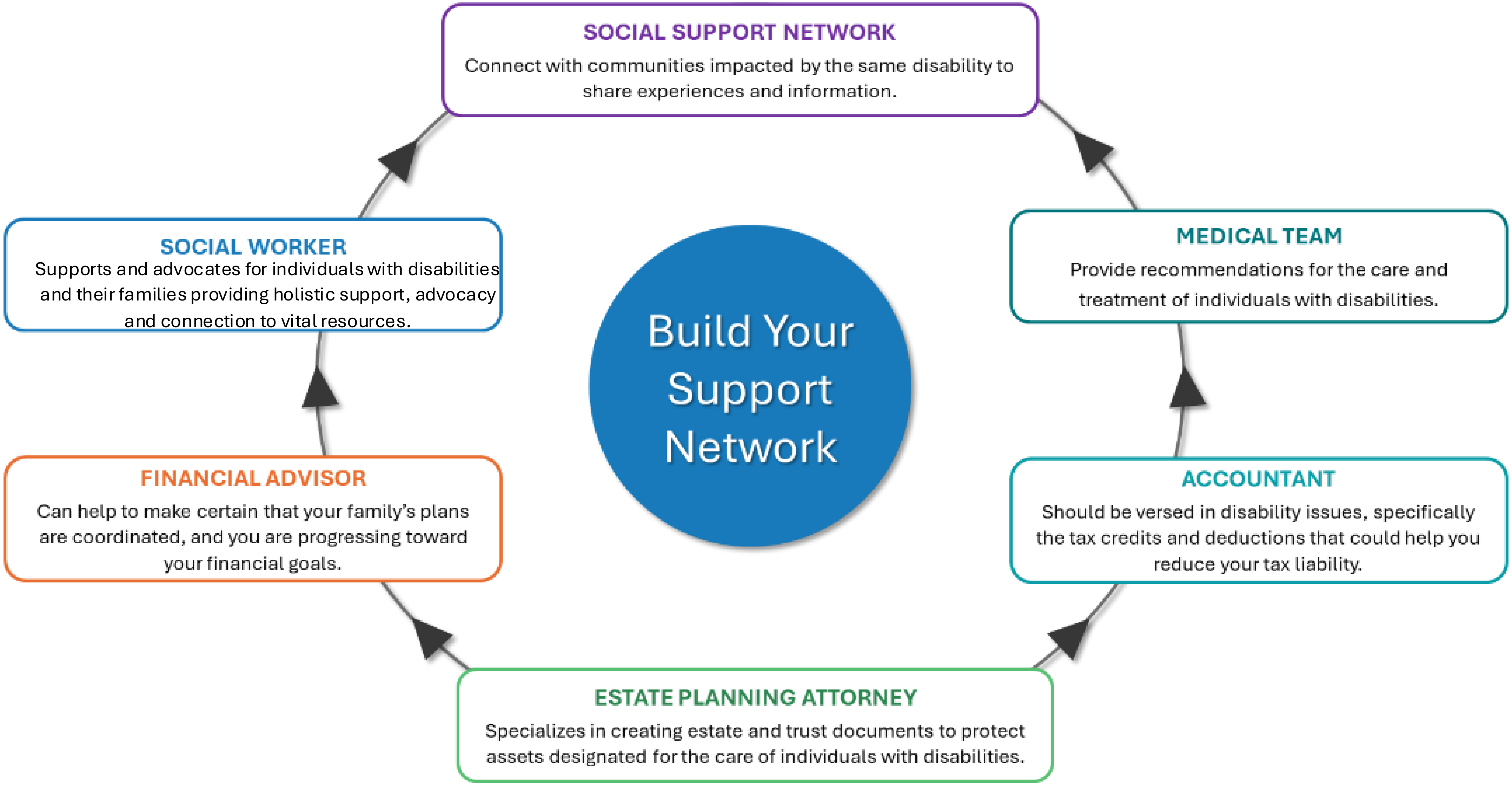
Trusts can be set up to help pay for expenses (typically excluding food and shelter) while maintaining access to government benefits.[(4)]

529 Plan accounts grow income tax-free, and distributions used to pay for qualified higher education expenses (as defined by the IRS) are free from federal income tax.[(5)]

Educational Support

The educational needs of dependents with disabilities can vary widely, but there are structures in place to help.

- Early Intervention Programs
- Individualized Education Programs
- Mental and Physical Therapy
- 504 Plans
- Specialized Private Education


SOCIAL SUPPORT NETWORK
Connect with communities impacted by the same disability to share experiences and information.
SOCIAL WORKER
Supports and advocates for individuals with disabilities and their families providing holistic support, advocacy and connection to vital resources.
MEDICAL TEAM
Provide recommendations for the care and treatment of individuals with disabilities.
Build Your Support Network
FINANCIAL ADVISOR
Can help to make certain that your family's plans are coordinated, and you are progressing toward your financial goals.
ACCOUNTANT
Should be versed in disability issues, specifically the tax credits and deductions that could help you reduce your tax liability.
ESTATE PLANNING ATTORNEY
Specializes in creating estate and trust documents to protect assets designated for the care of individuals with disabilities.

Planning Ahead Is Not Only About Money

Care is an ongoing process that can become more complex over time.

Transparent discussions are helpful for everyone involved.

IMMEDIATE NEEDS

- What type of care is needed now?
- Do adjustments need to be made to the living or work situation?
- What has to change to accommodate current needs?

LONGER-TERM CONSIDERATIONS

- Will the type of care in place now, change in the future?
- Are there trusted resources who can help?
- Is there an estate plan in place and if so, is it up to date?
- Will the ability to work change over time?

Creating an Emergency Fund

Be Sure to Create an Emergency Fund

89%
of U.S. adults say they would need at least three months of expenses saved to feel comfortable.[1]

44%
of Americans actually have at least three months of expenses saved.[1]

36%
of U.S. adults are prioritizing both debt repayment and building emergency savings.[1]

Five Types of Financial Emergencies

- Income Changes
- Home Expenses
- Medical Emergency
- Transportation Challenges
- Insurance Changes

Consider The State of Your Emergency Fund

An emergency fund is money you've saved up and set aside in case of an emergency or other unexpected expenses.

Average Monthly Expenses X **Six Months** – **Existing Liquid Savings Balance** = **Emergency Fund Balance Needed**

Try to maintain three to six months' worth of living expenses, including enough funds to cover medical supplies and medications, in your emergency fund.

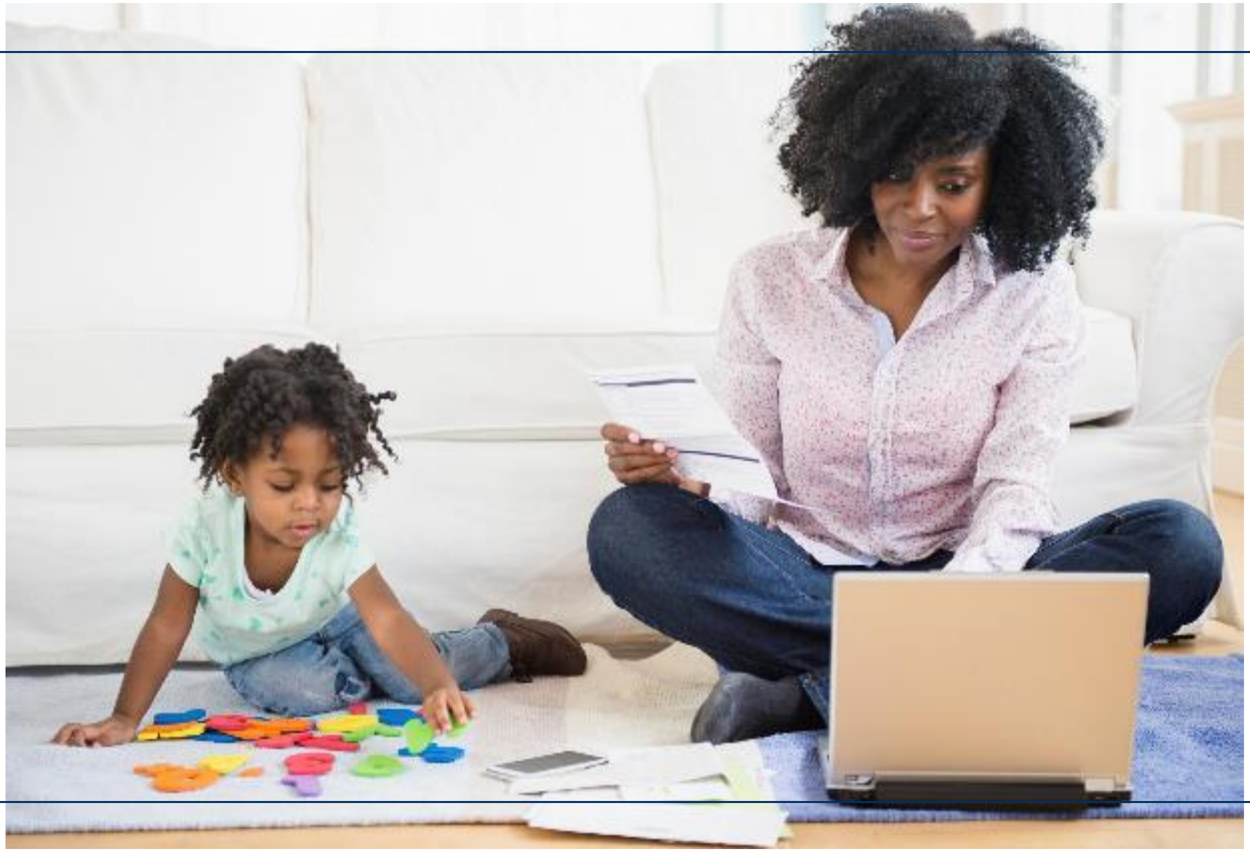
Understanding Insurance

How to Think About Insurance

There are many types of insurance. Broadly speaking, insurance acts as a safety net to help protect you and your family financially.

The concept is simple. You pay a fee to an insurance company, and in exchange, they will pay for qualified damages or services rendered to the insured person (you, your family member) or object (your house, your car, etc.).

Insurance policies are generally active over a predetermined time period.



Insurance Overview

TYPE OF INSURANCE	CONSIDERATIONS
MEDICAL / HEALTH INSURANCE Medical insurance is a product that covers your medical expenses in the event of illness or injury. It also covers preventive care.	• Health insurance doesn't always cover 100% of your costs so consider planning for medical expenses even if you have health insurance. Consider speaking with a Certified Public Accountant (CPA) with expertise in special needs planning and tax credits/deductions. • If your plan covers more than one person, you may have deductibles for each individual on the plan. • Dependents can stay on a parent's health insurance plan until age 26.
DISABILITY INSURANCE Disability insurance provides a source of income to people who are unable to work due to an accident or illness.	**LONG-TERM DISABILITY INSURANCE** • Provides income when you're unable to work for 6 months or more and can last all the way to retirement. However, disability insurance does not generally cover 100% of your gross income, so there may be an income gap to plan for. • For the most part, benefits are distributed tax-free (if your coverage is paid with after-tax income) and can be used on whatever you need them for. **SHORT-TERM DISABILITY INSURANCE** • Provides income when you're unable to work for a shorter period of time, typically 3-6 months. • Commonly, disability insurance does not cover 100% of your gross income, so there may be an income gap to plan for.
LIFE INSURANCE Life insurance can be a key part of estate planning. Common payout uses include; final costs of medical bills or funeral planning, paying off debt or replacement income for the deceased, future education costs for dependents, or state or federal estate taxes.	**TERM LIFE INSURANCE** • Only active for a certain period (usually 10-30 years). • If you die during that period, your beneficiaries get the payout. **PERMANENT LIFE INSURANCE** • Active for full life of policy holder. • Different variations within this category in terms of premiums and beneficiary payouts.
LONG-TERM CARE INSURANCE Long-term care insurance helps provide for a broad range of medical and personal services for individuals who need assistance with activities of daily living (ADLs) for an extended period of time.	• **MONLTHY BENEFIT AMOUNT** – Maximum benefit available for any given month. • **BENEFIT PERIOD** – Amount of time that plans provide benefits; may be a fixed number of years or the lifetime of the policyholder. • **ELIMINATION PERIOD** – Amount of time you pay out of pocket before benefits begin; commonly 30 or 90 days. • **INFLATION PROTECTION** – Policy rider that can increase the monthly benefit amount in line with inflation for an extra cost.

How much life insurance do you need?

Your insurance needs will vary based on your personal and financial circumstances.

Speak to a professional if you need help determining what's best for you and your beneficiaries.

Typically, people aim for a life insurance policy that pays 10–15 times their annual income.[1]

Financial Obligation
(expenses + debt)

−

Liquid Assets

=

How Much Life Insurance You May Need
(aka "Coverage Gap")

Estate Planning

Effective Planning Makes a Difference

Estate planning is a strategy designed to protect, manage and distribute your assets during and after your lifetime.

An estate plan will help protect you, your legacy, and those you care about most.

An estate plan can:

- Protect your assets and aid you in preparing for the unexpected.
- Help you plan for your goals.
- Support you in investing in people and causes that are important to you.
- Reduce unnecessary administrative expenses, taxes and family conflicts.
- Consider carefully any plans you may make that could potentially jeopardize existing or future eligibility to your benefits.

Estate Structure

An effective estate plan can help preserve access to government benefits while balancing the needs of your entire family.

Direct Gift or Bequest

PROS

- ✓ Simplicity
- ✓ No cost to implement

CONS

- × Dependent may not be capable of managing assets
- × Inheritance may result in ineligibility for government benefits

Sibling Gift or Bequest

PROS

- ✓ Simplicity
- ✓ No cost to implement
- ✓ Dependent maintains benefits eligibility

CONS

- × Requires family member's commitment
- × Assets may be at risk if family member faces litigation or divorce

Trusts

PROS

- ✓ Your wishes can be fulfilled as intended
- ✓ Family harmony may be maintained

CONS

- × More expensive to implement
- × Estate planning attorney services are required

Special Needs Trusts Can Help Maintain Access to Government Benefits

First-Party Special Needs Trust

- Aims to preserve access to government benefits.
- Is funded with assets belonging to the beneficiary (the individual with special needs).
- Can only pay for items not covered by government benefits.
- If the beneficiary passes away, Medicaid may have a claim to the remaining assets.

Third-Party Special Needs Trust

- Supplements the income of an individual with disabilities while preserving access to government benefits.
- Is created and funded by someone other than the beneficiary or with life insurance with a policy on the life of the person caring for the person with disabilities.
- Can only pay for items not covered by government benefits.
- No Medicaid payback provision.

Pooled Special Needs Trust

- Managed by non-profit organizations who pool the resources of many beneficiaries for investment purposes but maintain separate accounts for each beneficiary.
- Aims to preserve access to government benefits.
- The trust can pay for things that government benefits do not cover such as education, recreation, counseling, or medical attention beyond the simple necessities of life.
- Assets cannot be removed or given back to the donor as the trust is irrevocable.
- Upon the death of the beneficiary, if there are remaining assets in the trust, the non-profit organization usually retains a portion of them. Medicaid may have a claim to the remaining assets.
- Can accept contributions from various sources, including the beneficiary, family members, a will or life insurance policy, and court settlements.
- Costs of managing the trust are typically lower than they would be for an individual special needs trust.

Considerations When Creating a Special Needs Trust

- Consult with an estate planning attorney who has expertise with special needs trusts and planning for individuals with disabilities.
- Establish a special needs trust for the benefit of a person with disabilities.
- Designate a trustee capable of executing trust provisions.
- Fund the trust with liquid assets, such as cash or securities.
- Use the trust to pay for items not covered by governmental benefits on behalf of the beneficiary.
- If funds are used for the beneficiary's food or shelter, the amount paid may be considered a type of income called in-kind support and maintenance (ism).
    - This could result in a deduction from the beneficiary’s SSI grant, up to a specified cap, or a loss of eligibility.(1)
- Keep in mind, special needs trust rules vary by state.

Estate Planning Documents

Define your plan, document your wishes.

DOCUMENT	DESCRIPTION
CREATE A LETTER OF INTENT	If you have a dependent with disabilities, prepare a guide for caregivers on your dependent's medical history that includes wishes for your dependent's care, supervision and housing arrangements as well as contact information for doctors, social workers, etc.
DURABLE FINANCIAL POWER OF ATTORNEY	Appoints an agent whom you want to make financial decisions on your behalf when you are no longer able or are unavailable to make them for yourself. This document may take effect immediately or, on the occurrence of a future event. Consider whether your dependent may be best supported by guardianship or supported decision making through a POA in adulthood.
HEALTH CARE DIRECTIVE	Appoints a health care agent whom you want to make health care decisions on your behalf when you are no longer able to make them for yourself.
HEALTH CARE PROXY	If you have a dependent with disabilities, consider a health care proxy which provides you or someone else with the permission to make health care decisions on behalf of your dependent after the age of 18, should they be unable to make the decision themself.
APPOINT A GUARDIAN	If you have a dependent with disabilities, consider having a document (either a Will or a standalone document) in which you name a guardian for any dependent who is a minor until your dependent reaches' majority age. Consider whether your dependent may be best supported by guardianship or supported decision making through a POA in adulthood.
LAST WILL AND TESTAMENT AND/OR REVOCABLE TRUST	Identifies the person whom you want to handle your affairs after you pass and how you want your assets distributed. The Trustee of the revocable trust would handle assets in your revocable trust if you are not acting as the trustee of your revocable trust. If you have a dependent with a disability, create or update a will that reflects your wishes for them when you are no longer able.

Balancing the Needs of the Entire Family

Consider your comprehensive needs and include other life goals like retirement and philanthropy in your plans.

Estate planning with an individual with disabilities or special needs is complex, but it is just one part of a comprehensive plan you create for you and your whole family.

Government Benefits

Government Benefits May Offer Limited Help with Long-Term Care

Individuals bear most of the costs of long-term care, but government benefits may be available on a limited basis.

LEARN MORE

- www.medicare.gov
- www.ssa.gov

MEDICARE

- Pays for up to 100 days of skilled nursing care at an approved facility when conditions are met.
- May also pay for intermittent home health care when a physician certifies that the patient is confined to their home and requires nursing care.

SOCIAL SECURITY

- Offers disability payments to people who cannot perform substantial work as a result of a disability that is expected to last 12 months.
- Disability benefits end when Social Security retirement benefits begin.

Understanding Government Benefits

The world of federal government benefits can be complex and varies by state.

FEDERAL BENEFIT	QUALIFICATION FOR AN INDIVIDUAL *OVER* 18	QUALIFICATION FOR AN INDIVIDUAL (DEPENDENT) UNDER 18
Supplemental Security Income (SSI)	• Eligibility is determined by disability status, income and assets.	• Individual and/or parents' income and assets determine eligibility.
Social Security Disability Insurance (SSDI)	• Dependent on work credits or any survivorship benefits. • Is sometimes available for a person with disabilities when taxes have been paid into the Social Security system, if the disability began before age 22.	• SSI may increase if individual and/or parent receives Social Security Disability Income.
Medicare	• Have received Social Security Disability Income benefits for at least two years. • Specific criteria are listed at SSA.gov.	• Dependent may be eligible for Medicare if diagnosed with certain conditions between ages 20 and 22 and receive SSDI. • To enroll, the individual and/or their parent must have earned Social Security work credits in the past 3 years or receive Social Security retirement benefits.
Medicaid	• Available to those who qualify for Supplemental Security Income. • Available through State Waiver Programs.	• Access to Medicaid can vary depending on your personal situation. Review options at Medicaid.gov.

Marriage Can Complicate Government Benefits Eligibility

Social Security rules regarding marital status may reduce or impact benefits for otherwise eligible people with disabilities if they get married.[1]

Couples in which one or both partners utilize disability benefits should consider consulting a tax advisor to fully understand and weigh the impact of getting married on future eligibility.

Existence of a guardianship may impact this topic.

Cash gifts are counted as income in the month received and as an asset thereafter in both Medicaid and SSI eligibility calculations.[2] Couples should be clear in advance with friends and family about how they would prefer to receive wedding gifts.

Discuss Your Plans with Family Members

Well-meaning relatives giving **a direct gift of $2,000 or more** could negatively impact benefits eligibility and your planning efforts.[1]

Encourage family members to coordinate with you, along with a lawyer, Financial Advisor and/or accountant with special needs expertise, before making any significant gifts.

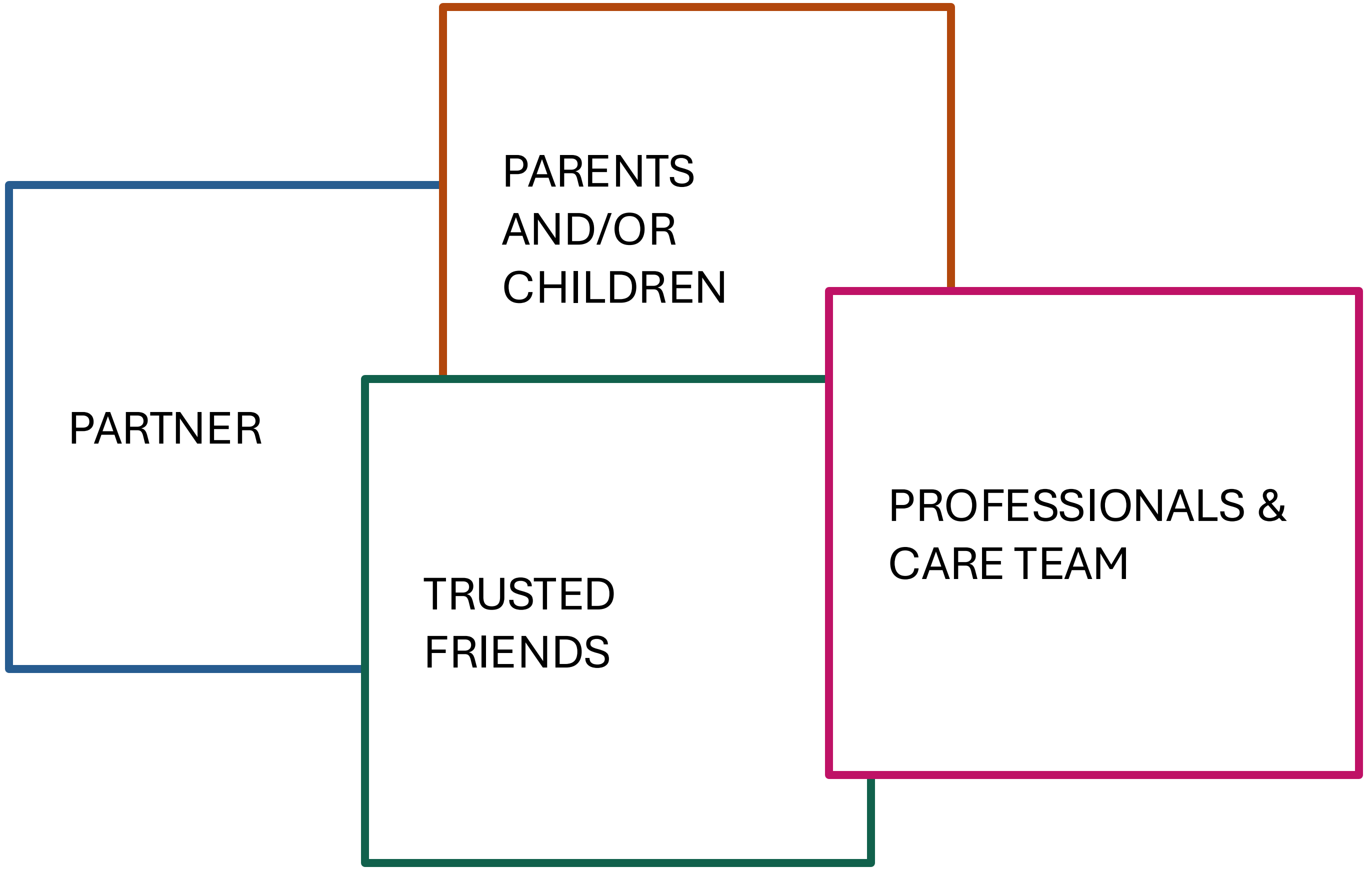
It should be noted that any gifts or bequests in any Will, or in any beneficiary designation, should be made to a special needs trust created for the benefit of any special needs person and not to the special needs person individually.

The Bottom Line

Communicate, Communicate, Communicate

Start having conversations early because life can come at you quickly.

It is best to have a plan before you need it.



Support for Financial Abuse and Exploitation

Unfortunately, people with disabilities can be particular targets for both financial fraud and financial abuse from people they know.

TRUST IS EVERYTHING

- Financial powers of attorney, trustees, conservators, etc., are there to protect and steward your assets, but sadly, they can sometimes exploit the very people they are meant to support.
- A professional Financial Advisor, CPA, attorney and mental health professional can watch for signs of abuse and intervene.

REPORT, REPORT, REPORT

- Report financial scams at ftc.gov/complaint.
- Depending on your living situation and the type of abuse suspected or experienced, you can report to:
  - Adult Protective Services
  - Long-Term Care Ombudsman
  - Dept. of Justice Civil Rights Division (www.ADA.gov),
  - Local Law Enforcement & 911

The Bottom Line – Checklist

Future Care Costs
Consider long-term care costs, medical expenses, therapy, special education, and other support services.

Estate Planning
Include provisions for you and/or your dependent(s) specific situation.

Government Benefits
Understand what government programs are available for you or your dependent(s).

Life Insurance
Consider purchasing a policy that can cover your dependent(s) future care costs.

Education Planning
If your dependent may attend college or vocational school, consider if a 529 plan is right for you.

Retirement Planning
Plan for your own retirement savings while caring for your dependent(s).

Legal Advice
Consider seeking legal expertise to help navigate the complex laws and regulations related to disability benefits and estate planning.

Financial Advisor
Consider working with a financial advisor who specializes in disability topics.

Footnotes

Slide 3

1. Source: CDC.gov, Disability Impacts All of Us, July 3, 2024
2. Source: Census.gov, Anniversary of the Americans with Disabilities Act, June 12, 2024
3. Source: AmericanProgress.org, Disabled Workers Saw Record Employment Gains in 2023, But Gaps Remain, February 22, 2024

Slide 10

1. Source: Department of Labor, Secure Your Financial Future, *Accessed October 20, 2025*
2. Source: SpecialNeedsAnswers.com, Five Practical Uses for an ABLE Account, January 9, 2025
3. Source: Social Security Administration, Plan to Achieve Self Support (PASS), 2025
4. Source: Social Security Administration, Spotlight on Trusts, 2025
5. The 529 Plan Program Disclosure contains more information on investment options, risk factors, fees and expenses, and potential tax consequences. Investors can obtain a 529 Plan Program Disclosure from their Financial Advisor and should read it carefully before investing.

Slide 15

1. Source: Bankrate's Annual Emergency Fund Report | Bankrate, June 26, 2025

Slide 20

1. Source: Policygenius.com, How much life insurance do you need?, April 10, 2024

Slide 25

1. Special Needs Alliance, In-Kind Support and Maintenance – A Trap for the Unwary, *Accessed October 20, 2025*

Slide 31

1. SSA.gov, Code of Federal Regulations § 416.1802, 2024
2. IRS.gov, Treatment of Married Couples in the SSI Program, 2024

Slide 32

1. In order to qualify for SSI, the limit for countable resources is $2,000 for an individual and $3,000 for a couple.

Source: SSA.gov, Supplemental Security Income (SSI), 2024

Disclosures

The investments listed may not be appropriate for all investors. Morgan Stanley Smith Barney LLC recommends that investors independently evaluate particular investments and encourages investors to seek the advice of a financial advisor. The appropriateness of a particular investment will depend upon an investor's individual circumstances and objectives.

Insurance products are offered in conjunction with Morgan Stanley Smith Barney LLC's ("Morgan Stanley") licensed insurance agency affiliates. Not all products and services discussed herein are available at Morgan Stanley.

Morgan Stanley Smith Barney LLC ("Morgan Stanley"), its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors do not provide tax or legal advice. Clients should consult their tax advisor for matters involving taxation and tax planning and their attorney for matters involving trust and estate planning, charitable giving, philanthropic planning and other legal matters.

Morgan Stanley Smith Barney LLC is a registered Broker/Dealer, Member SIPC, and not a bank. Where appropriate, Morgan Stanley Smith Barney LLC has entered into arrangements with banks and other third parties to assist in offering certain banking related products and services.

Investment, insurance and annuity products offered through Morgan Stanley Smith Barney LLC are: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED | NOT A BANK DEPOSIT | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY.

Information contained herein has been obtained from sources considered to be reliable. Morgan Stanley Smith Barney LLC does not guarantee their accuracy or completeness. This material may provide the addresses of, or contain hyperlinks to, websites. Morgan Stanley is not implying an affiliation, sponsorship, endorsement with/of the third party or that any monitoring is being done by Morgan Stanley of any information contained within the website. Morgan Stanley is not responsible for the information contained on the third-party website or the use of or inability to use such site. Nor do we guarantee their accuracy or completeness.

Morgan Stanley Smith Barney LLC does not accept appointments, nor will it act as a trustee, but it will provide access to trust services through an appropriate third-party corporate trustee.

Disclosures

Employee stock plan solutions are offered by E*TRADE Financial Corporate Services, Inc., Solium Capital LLC, Solium Plan Managers LLC, and Morgan Stanley Smith Barney LLC ("MSSB"), which are part of Morgan Stanley at Work.

Morgan Stanley at Work services and stock plan accounts are provided by wholly owned subsidiaries of Morgan Stanley.

In connection with stock plan solutions offered by Morgan Stanley at Work, securities products and services are offered by MSSB, Member SIPC.

All entities are separate but affiliated subsidiaries of Morgan Stanley.

Morgan Stanley at Work stock plan accounts were previously referred to as Shareworks, StockPlan Connect or E*TRADE stock plan accounts, as applicable.

E*TRADE from Morgan Stanley is a registered trademark of MSSB.

The laws, regulations, and rulings addressed by the products, services, and publications offered by Morgan Stanley and its affiliates are subject to various interpretations and frequent change. Morgan Stanley and its affiliates do not warrant these products, services, and publications against different interpretations or subsequent changes of laws, regulations, and rulings. Morgan Stanley and its affiliates do not provide legal, accounting, or tax advice. Always consult your own legal, accounting, and tax advisors.

CRC 4919606 (10/2025)