



SPINA BIFIDA  
ASSOCIATION

## *Pooled Special Needs Trust (PSNT) Planning: What Families Need to Know*

**June 22, 2020**



Security for People with Special Needs since 1990

# Our Presenters



**Joanne Marcus, MSW**  
**Executive Director of**  
**Commonwealth Community Trust**  
**(CCT)**

[www.trustCCT.org](http://www.trustCCT.org)

**Sue-Minton Colvin**  
**Parent of a child with Spina**  
**Bifida**



# Today's session

- **Overview of the types of Special Needs Trusts**
- **Reasons why families might want to establish a special needs trust**
- **Elements of a Pooled Special Needs Trust**
- **Questions and Answers**

# To Ask a Question

- Click on the Q&A button on your controls bar (*not the chat box*)



- Type your question in the Q&A box
- Enter your question

# About Commonwealth Community Trust (CCT)

- Nonprofit Pooled Special Needs Trust Administration
- Founded in 1990 by concerned parents and professionals
- Has served over 1,700 Trust Beneficiaries nationwide
- Affordable Fees
- Collaborates with attorneys, families, financial planners, beneficiaries, and other stakeholders
- Knowledgeable staff members
  - Executive Director with over 35 years of nonprofit experience and has worked for CCT for 20 years
  - Experienced attorney on staff
  - Master-level Social Workers
  - Licensed Clinical Social Worker on staff
  - Comprehensive and user-friendly website: [www.trustCCT.org](http://www.trustCCT.org)

# Special Needs Trusts

## INDIVIDUAL

- Typically administered by a family member or financial institution
- Although most do, beneficiaries are not required to have a specific disability
- Trustee must file taxes and other regulatory filings
- Trustee may not have knowledge of the rules governing Supplemental Security Income (SSI) and/or Medicaid

## POOLED

- Assets are “Pooled” to provide lower administrative fees, opportunity for higher returns on investments and a smaller minimum account requirement
- Administered by a non-profit organization
- All beneficiaries have disabilities
- Staff has expertise in public benefits rules
- Trust tax returns and filings completed by nonprofit

**Each has advantages that require careful considerations to determine which option best meets your family’s needs.**

# We established a Special Needs Trust for our daughter

- Who will care for my daughter if I can't?
- How and where to get started?
- How should we select an attorney?
- The scariest part: setting up the trust account.
- How can we protect money that family members put in their will?



# A Pooled Special Needs Trust (PSNT) Organization



Non-profit organization



Provide specialized SNT administration



Funds are professionally managed



All Beneficiaries must have special needs



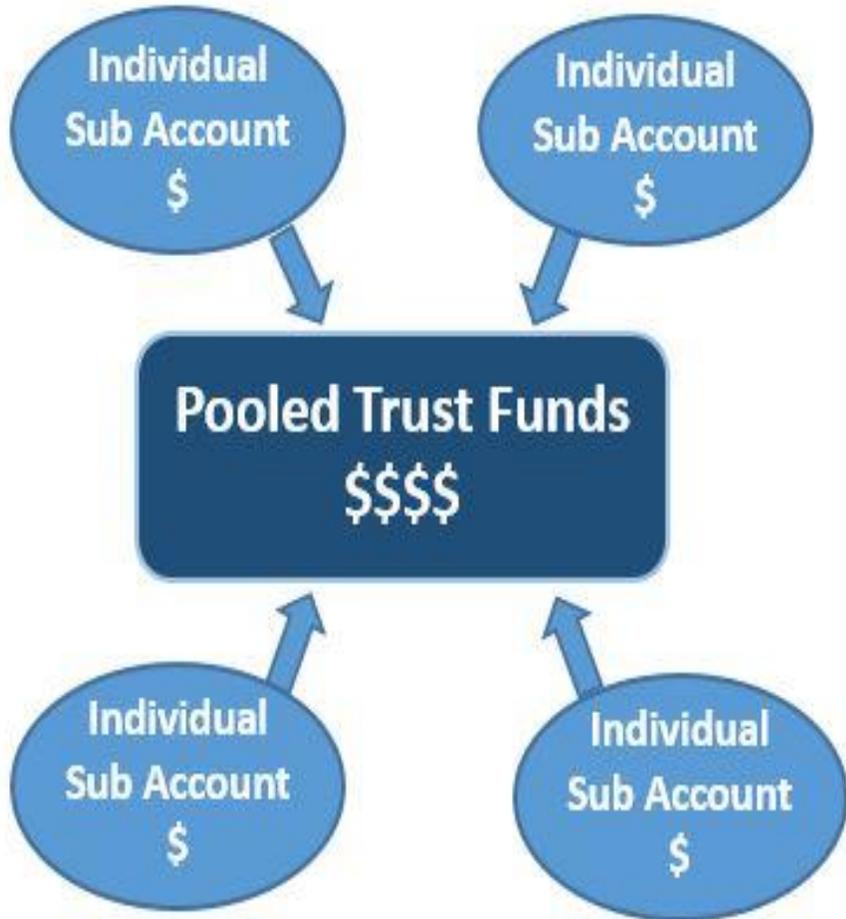
Trust provide SSI and Medicaid benefits protection

# Roles and Responsibilities of the Trust Administrator (or Trustee)



- Utilize the funds for the benefit of the trust Beneficiary
- Keep the best interest of the Beneficiary in mind
- Understand public benefits and keep up with changing rules
- Invest trust assets wisely and follow fiduciary requirements
- Maintain accurate accounting

# Pooled Trust Funds, Fund Management and Fees



- Funds are grouped together, or “pooled,” for investment purposes
- Each Beneficiary has his or her own sub account
- Lower fees when compared to most other financial institutions and professional trustee options
  - Banks or financial firms often require accounts to have a minimum of \$300,000-\$500,000 for an individual special needs trust and may have higher ongoing administration and investment fees.
- Authorized parties have access to financial statements

# Two Most Common Types of Pooled Special Needs Trusts:

<b>Third-Party Pooled Special Needs Trust</b>	<b>First-Party Pooled Special Needs Trust</b>
<b>Grantor can be a parent, family member or a third-party.</b>	Grantor can be the Beneficiary, the Beneficiary's Guardian, parent, or grandparent, or Court.
<b>Funds Estate Plans, Life Insurance Policy, Investments, Retirement Accounts or other assets.</b>	Funds usually from a personal injury or workers' compensation award, direct inheritance, the beneficiary's own funds or Social Security back payment.
<b>Revocable or Irrevocable</b>	Irrevocable
<b><u>NOT</u> subject to Medicaid payback</b>	Subject to Medicaid payback
<b>No Age Limitation</b>	Age Limitation: A transfer of assets penalty may apply if the Beneficiary is 65 years old or older (varies by state). Contact CCT for more information.

# How the Pooled Special Needs Trust Account Works

- An Advocate is named who works directly with the Pooled Trust Administrator to request disbursements and share information about the Beneficiary
  - Beneficiary
  - Sibling or Relative
  - Guardian or Power of Attorney or Conservator
  - Caseworker
  - Other friend
- Attention must be given to protect Medicaid and SSI, for a beneficiary who receives these benefits
- Each Beneficiary has a separate statement for his or her sub-account
- All deposit and disbursements clearly shown

# Responsibilities of the Pooled Trust Administrator

- Review and make disbursement decisions
- Income and principal is distributed for the Beneficiary at the sole discretion of the Pooled Trust Administrator
- Management and investment of trust funds
- Reports to Social Security Administration and Medicaid
- Financial statements provided online or by mail to Advocate(s)
- A Schedule K-1 is sent annually reporting income from the sub-account



Security for People with Special Needs since 1990

# Examples of How the Trust Can Be Funded



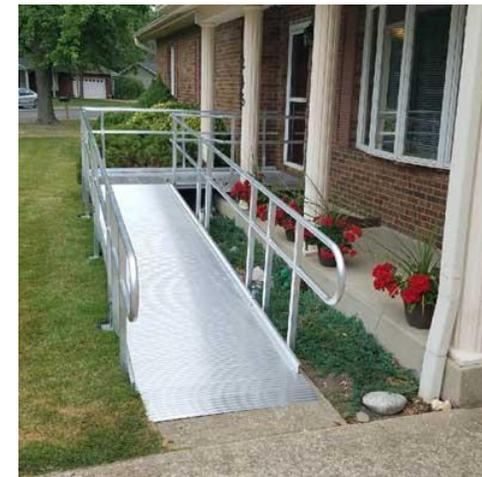
- Inheritance
- Life insurance policy
- Employer Benefits
- Gifts from friends and family

# Examples of How the Trust Can be Used

- ✓ Medication and Devices
- ✓ Medical Services
- ✓ Assistive Technology
- ✓ Education
- ✓ Vehicle
- ✓ Housing
- ✓ Home Modifications
- ✓ Home Repairs and Upkeep



- ✓ Clothing
- ✓ Household Bills
- ✓ Care Providers
- ✓ Vacations
- ✓ Family Travel
- ✓ Mileage
- ✓ Pre-need Burial Expenses
- ✓ Case Managers



# Best-Practices Criteria for Reviewing Disbursement Requests



Whether the request is prudent



Whether the request would jeopardize benefits (SSI and Medicaid)



Whether the request is for the sole benefit of the Beneficiary which is most important for SSI and Medicaid recipients



Whether the request is consistent with the intent of the Grantor

# Benefits of a Pooled Special Needs Trust



## **Benefit #1: Oversight and Objectivity**

**If you are concerned that a loved one may need help managing funds, a PSNT will put into place a trust administrator who has the responsibility of making sure funds for are:**

- 1) used for his/her benefit**
- 2) spent prudently**
- 3) properly managed/invested**

# Benefits of a Pooled Special Needs Trust

## Benefit #2: Public Benefits Protection

### IMPORTANT!

To qualify for these benefits, an individual cannot have over \$2,000 in countable assets.

PSNT assets are not countable!

The Pooled Trust Administrator is knowledgeable about the rules regarding Medicaid and SSI.

# Benefits of a Pooled Special Needs Trust

## Benefit #3: Affordable, Comprehensive and Specialized Trust Services

- Specialization in working with individuals with special needs and their representatives
- Lower trust administration and investment fees
- Disbursement decisions that follow the sole benefit rule



## Benefit #4: Advocacy / Instructions (Letter of Intent)

Establishing a pooled special needs trust is an opportunity to seriously consider how a loved one's life may change in the future, and to provide information about his or her care, living arrangements and other needs.



# Next Steps



Determine what resources will fund the trust.



Meet with an estate planning attorney who is familiar with special needs planning if a special needs trust will be a part of a will or estate plan.



Update all beneficiary designations and notify anyone who may leave the individual with special needs an inheritance or monetary gift.



Revisit the trust periodically or if family situation changes.



SERVING THE COMMUNITY SINCE 1990

# Pooled Special Needs Trust Administration

Non-profit Organization Operating Nationwide



## How to Establish a PSNT

- 1. Joinder Agreement:** Legal document required to join
- 2. Fee Schedule:** Includes the enrollment, ongoing administration, investment and other fees
- 3. Family and Beneficiary Information (Letter of Intent)**  
Though not required, this can be helpful to the Pooled Trust Administrator.

# To Ask a Question

- Click on the Q&A button on your controls bar (*not the chat box*)



- Type your question in the Q&A box
- Enter your question

# Links to More Information

- [About Commonwealth Community Trust](#)
- [Special Needs Alliance](#) – National alliance of attorneys for special needs planning
- [Forbes Magazine article about Special Needs Trusts](#)
- [AARP, “How Parents Can Build a Support System for Adult Children With Disabilities”](#)
  - Features a list of other organizations that can provide information and guidance

**View the recordings and resources:  
[spinabifidaassociation.org](http://spinabifidaassociation.org)**

**Do you have questions for Joanne Marcus of CCT?**

**[jmarcus@trustCCT.org](mailto:jmarcus@trustCCT.org)**

**804-740-6930**

