

SpecialCare

a special needs program developed by MassMutual

...MassMutual



Special Needs Trust

Providing for Lifetime Care and Quality of Life

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What is SpecialCare?

- A program developed by MassMutual that provides access to information and resources to families with dependents, of any age, who have a disability.
- Our mission is to help educate families and caregivers of people with special needs about the importance and steps in creating a life care plan to help provide a secure financial future.

(choose one)

[What is a Chartered Special Needs Consultant(ChSNC®) Designation?] OR [What is a Special Care Planner?]

- Financial professionals with specialized training in helping people with special needs and their life care plan who work by a set of core values: integrity, honesty, teamwork, and respect
- Have earned our clients' trust and admiration by emphasizing the quality of service and relationships
- Our professional associates combine knowledge and years of collective experience
- Financial professionals who have earned the [Chartered Special Needs Consultants (ChSNC®) designation] [Special Care Planner certificate] work with you and your professional advisors to review your current situation and offer possible solutions that could help the needs of you, your loved ones, and your entire family

10 Comprehensive Life Care Planning Steps*

1. Address Primary Issues
2. Create Life Care Plan Vision
3. Guardianship / Alternatives to Guardianship
4. Identify Financial Resources
5. Prepare Life Care Plan Costs
6. Prepare Letter of Intent
7. Prepared Legal Instruments
8. Review need for Special Needs Trust/ABLE Account
9. Hold Family Meeting
10. Review Life Care Plan Annually

*You will need to work with your team of specialists and advisors – attorneys, medical specialists and financial professionals to help you create a life care plan that meets your needs.

Some Reasons to Create a Special Needs Trust

- Developmental Disabilities
- Congenital Disabilities
- Traumatic Brain and/or Spinal Cord Injury
- Medical Malpractice
- Personal Injury
- Structured Settlements

Two Types of Government Benefits

1. Pension / Insurance type

- Benefits based on contribution into the program, not based on a person's financial need
 - Social Security Disability Insurance (SSDI)*
 - Medicare**

2. Needs Based type

- Determine eligibility on the individual with special needs' monthly countable income and resources
 - Supplemental Security Income (SSI)***
 - Medicaid**

*For information about SSDI go to http://ssa.gov/pgm/links_disability.htm. Information is available by telephone, mail, in person at an office. The toll-free number is 1-800-772-1213

**For more information regarding benefits provided by Medicare or Medicaid (Medi-CAL in California), visit www.cms.hhs.gov. Medicaid guidelines vary by state. Contact your local Medicaid office for details

***For information about SSI go to <http://www.ssa.gov/ssi>. Information is available by telephone, mail or in person at an office. The toll-free number is 1-800-772-1213.

Did You Know...

- Individuals with special needs who may qualify for both Medicaid and Supplemental Security Income, may not receive these government benefits if their assets exceed \$2,000
- A strategy: Place assets (including inheritance, gifts, life insurance, etc.) in a carefully drafted special needs trust.
- Special Needs Trust Assets that supplement the needs of your dependent and will not jeopardize a beneficiary's eligibility for needs-based government assistance such as Medicaid and Supplemental Security Income (SSI), if properly established and administered within a certain trust arrangement.
- You should work with an attorney that is familiar with special needs and creating Special Needs Trusts.

OBRA 93

Key Law to Discuss with your Attorney: OBRA 93 (42 U.S.C. Section 1396)

- Limits ability of individuals to transfer their own assets to others in order to qualify for Medicaid
- Exception – Medicaid Payback Trust
 - aka: “First Party” Trust
 - Allows an individual to receive funds in certain types of Trusts while still receiving needs based benefits

What is a Special Needs Trust?

- A means of enhancing an individual's quality of life beyond the basic care provided by government benefits
- Can be set-up to send a dependent with special needs to camp, take vacations, travel to visit relatives, buy sports equipment, or to pay for other therapeutic needs that do not fall under day-to-day living or “maintenance” expenses
- If properly drafted, proceeds will not affect government benefits as funds are held by a Trust

Who Should Establish a SNT ?

- Caregiver or donor can establish a Third Party Trust for a child, sibling, spouse or loved one who is disabled
- Anyone who asks the questions:
 - “Who will take care of them when I’m not around?”
 - “How can I pass on a part of my estate without affecting government assistance?”

Establish a Special Needs Trust

- Coordinate available resources
- Ensure continuation of government benefits
- Provide supplemental needs for life
- Improve quality of life
- Direct final distributions

How Does a Special Needs Trust Work?

- Stipulates how the monies contributed to the Trust are used for the beneficiary
- State specific language is necessary*
- Names a Trustee who is responsible to carry out terms of the Trust Agreement
- The Trustee is obligated to act both in accordance with these provisions and in the interests of the beneficiary
- There are many ways SNTs can be created to fit the needs of the family.

*You should employ the services of an attorney who is familiar with the laws and regulations pertaining to Trusts of the appropriate state. Not all lawyers are familiar with complex Medicaid rules.

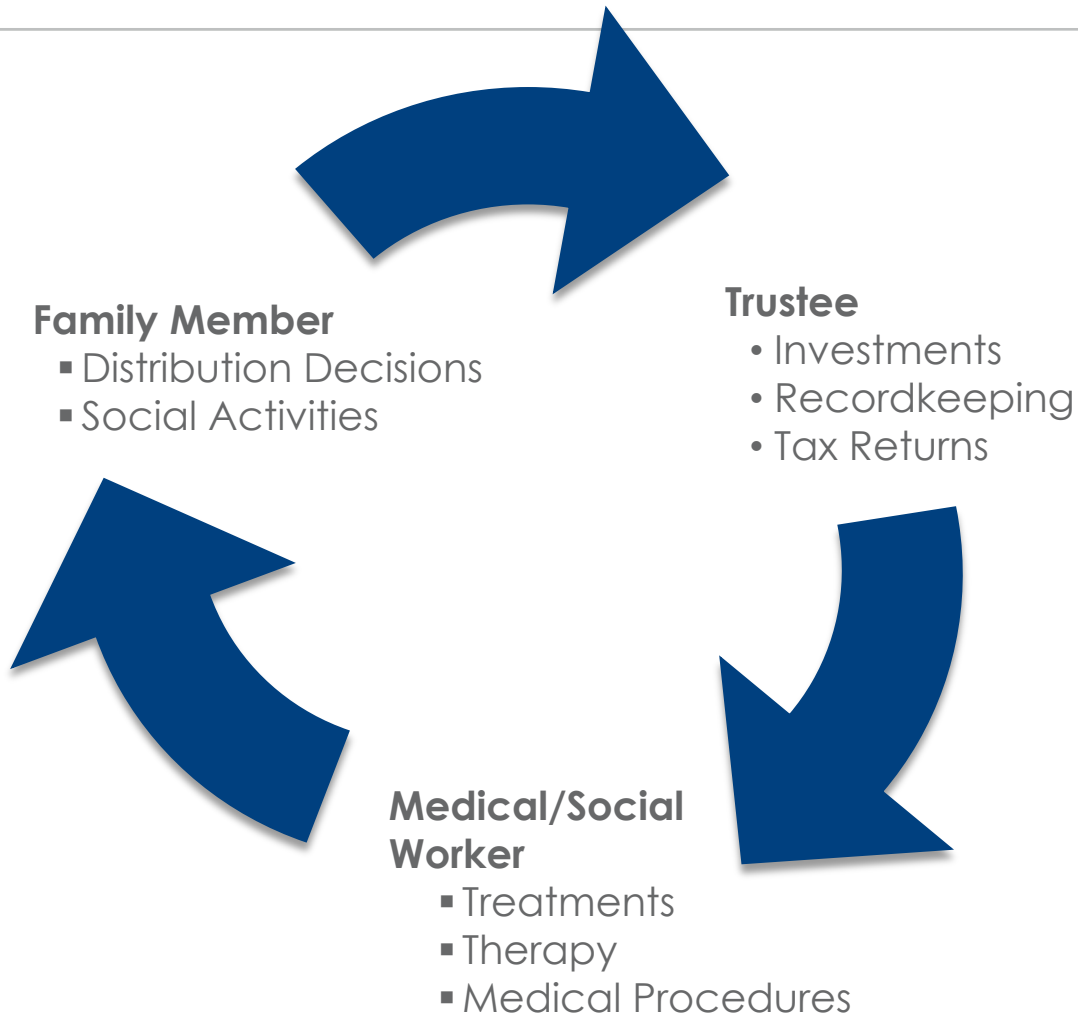
“First Party” Medicaid Payback Trust

- Self-settled trust available in limited circumstances
- Primarily set up by Court
- Meets strict definition of disability
- Trust is irrevocable
- After beneficiary's death, the state is reimbursed for all Medicaid benefits paid to or for the beneficiary
- Trust exists for the sole benefit of the disabled beneficiary
- Does not provide for basic maintenance needs like food, clothing and shelter that are otherwise provided by government benefits

“Third Party” Special Needs Trust

- Dependent upon state law, the Trust can be set up by anyone
- Beneficiary and donor can be any age
- Donor sets up Trust by gifting into an Irrevocable Trust, or at death, as part of their estate plan
- No need to pay back Medicaid if properly drafted
- Trust provides for remainder beneficiary
- Does not provide for basic maintenance needs like food, clothing and shelter that are otherwise provided by government benefits

Trustee Responsibilities



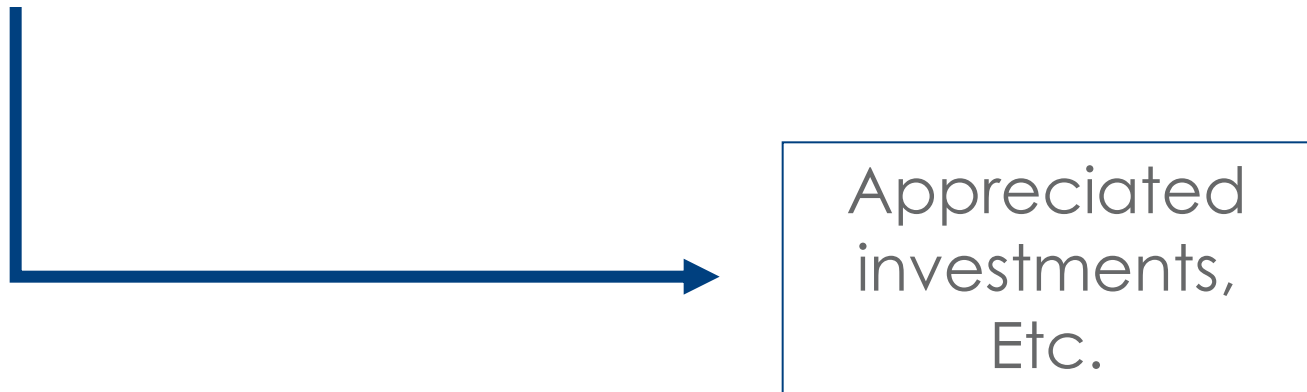
Alternate Methods for Funding “Third Party” Special Needs Trusts

- Lump Sum Payment(s)
- Annual Payments
- Life Insurance

“Third Party” Special Needs Trust

Lump Sum Payments

Caregivers or others
contribute lump sum
payments to fund the trust.



Special Needs Trust

Annual Payments

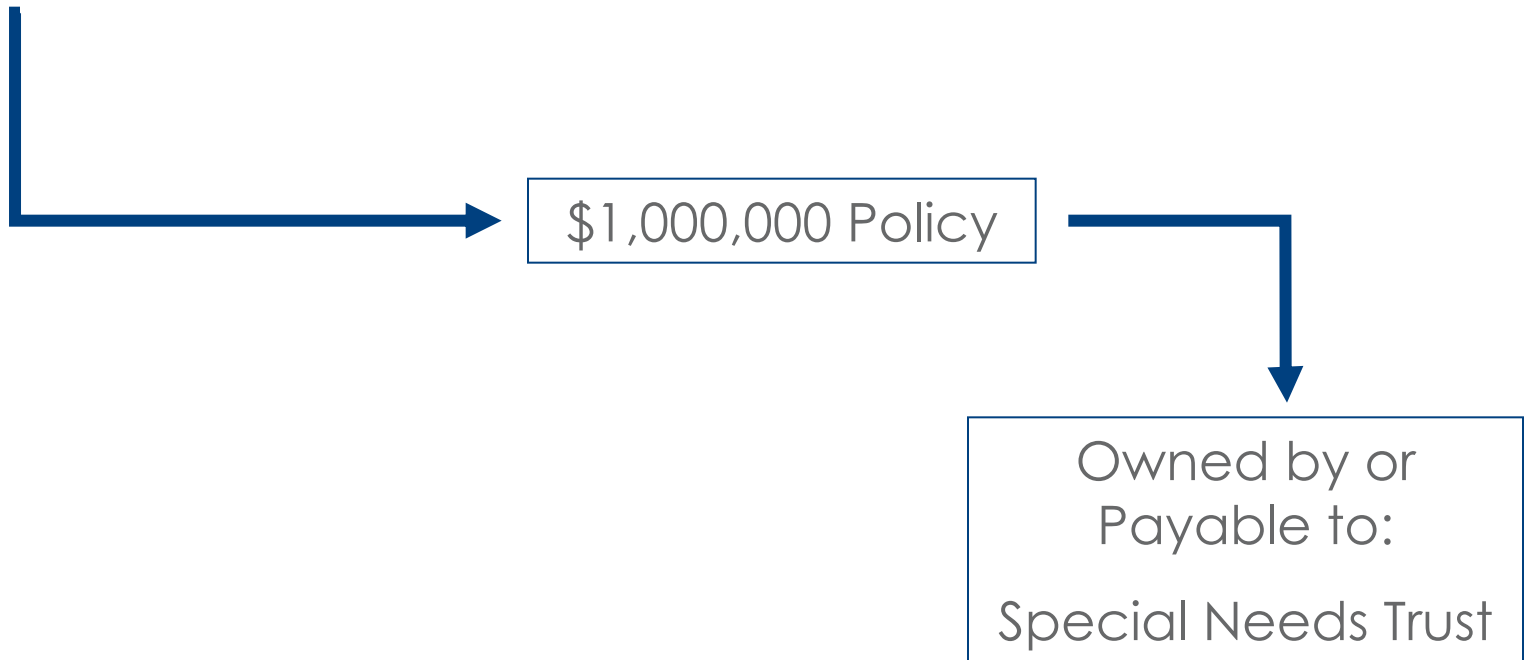
Caregivers or others contribute annual payments to fund the trust.



“Third Party” Special Needs Trust

Life Insurance

Caregivers or others pay
premiums for insurance



Sources

Social Security
Medicaid
Medicare

Government Benefits

Room
and
Board

Basic
Personal
Needs

Care and Supervision

Employment/Activities

Medical Care

Sources

Special Needs
Trust

Medical/Dental Care excluded
from social benefits

Gifts on
Special
Occasions

Professional
Fees

Vacations & Trips

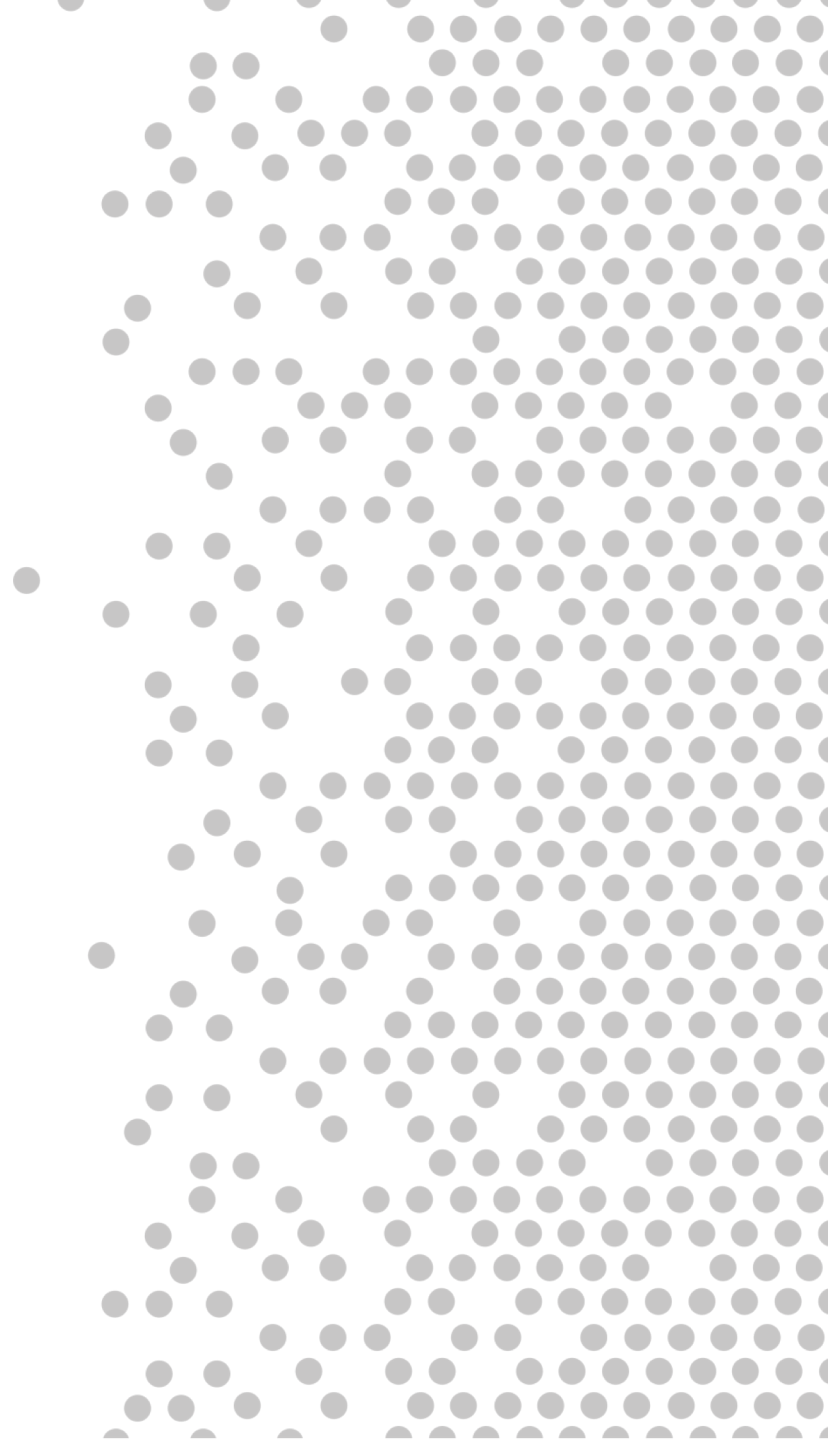
Basic care if social benefits are
cutback

Personal Hygiene/Grooming
Costs

Additional Services to Expect From Your Corporate Trustee

- Provides full Trust accounting and asset reporting to the donor, beneficiaries and other parties
- Prepares and files all required tax returns
- Relationship Manager is assigned as a “point-of-contact” to provide service
- Access to secure website to check financial status of the Trust

The 3-Step Process of Setting Up a Special Needs Trust



Step One

Submit the following:

- Draft of the new Trust document (including state-specific language protecting the beneficiary's government assistance) provided by your attorney
- A copy of the original document if it is an existing Trust
- List of the assets that will fund the Trust

Step Two

- Upon receipt of the draft Trust and list of assets, the Trust Company will review the documents to determine that it can efficiently administer the terms of the Trust
- The Trust Company is available to discuss the Trust terms with the Grantor and/or their attorney or advisor to ensure that the Trust may be efficiently administered to attain the desired results

Step Three

- Upon the Trust Company's acceptance, the client will execute the Trust document and sign the Trust Company New Account Forms
- After formal review and acceptance, the Trust Company signs the Trust document, creates the account and transfers or accepts the assets
- Investment program for the Trust assets is defined by the Trust Company with the input from the client and advisor.

Prudent Investment of Trust Assets

- A fundamental principle for a fiduciary:

—“Those with responsibility to invest money for others should act with prudence, discretion, intelligence and regard for the safety of capital as well as income.”

Judge Samuel Putnam, 1830

Role of a Financial Professional

- Understand the financial needs of the individual and how the social, medical and legal needs impact their life care plan
- Provide a financial needs analysis
- Coordinate financial strategies with the attorney and other professionals on the team
- Offer financial options that make the most sense based on your needs
- Work with an attorney to help ensure that benefits such as Medicaid* or Supplemental Security Income** won't unintentionally be jeopardized
- Know the questions to ask about your current and future needs
- Help the caregiver maintain the lifestyle of their loved one with special needs

How MassMutual Can Help

- Special Care Planners
- Introduce you to non-profit partnerships
- Introduce you to a Special Needs Attorney
- Wide variety of Special Needs Trust funding options



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