

# CASE STUDY:

## The Special Needs Client: Part 1



Lauren's son, Chris, is currently on Supplemental Security Income (SSI) and Medicaid. Chris has a disability which prevents him from keeping a job, and Lauren is worried that if she dies and leaves Chris an inheritance that he will be booted from receiving these important government benefits since his inheritance won't last all that long. She's heard of a Special Needs Trust, but she doesn't know much about it.

### How do you advise her?

You should advise Lauren that she should set up a Will or a Trust with a Testamentary Third-Party Supplemental Needs Trust for Chris. A Third-Party Supplemental Needs Trust ("SNT") would allow Lauren to place her assets in a separate trust at death for Chris' benefit without increasing his income for SSI or Medicaid purposes. The Trustee of SNT would use the assets to cover any expenses which are not covered by governmental programs. And, unlike a First-Party SNT, when Chris dies, none of his assets will have to be repaid to Medicaid for the care he received during his life.

### ASSETS:

- Condo
- Roth IRA
- Life insurance
- Bank accounts
- Car

**Total Net Worth: \$600,000**

### QUESTIONS TO ASK:

- How important is it that your child retain their governmental benefits?
- Did you know that if they receive an inheritance they could be booted from SSI or Medicaid?
- How fast do you want this transfer of assets to take place?
- Who would be Trustee?