

CASE STUDY:

The Special Needs Client: Part 2



Ryan is your client's son. He has autism and finds holding down a job difficult, so he is in the process of applying for SSI and Medicaid to help him get by. Your client, however, started socking away money in an investment account (now worth \$150,000) when Chris was young. They are worried about qualifying Chris for SSI and Medicaid.

How do you advise them?

Chris should set up a First-Party Special Needs Trust. A First-Party SNT is an irrevocable trust that can be used with this type of planning so long as the disability started prior to the beneficiary turning 26, and so long as there is only one beneficiary for the entire lifespan of the trust. The trust is used to cover services not provided by the government, and the beneficiary cannot compel distribution; the Trustee must pay third-parties from the trust assets. Moreover, if Chris receives Medicaid, his estate must pay the amount covered by Medicaid when he dies. However, this planning is great for those with a higher net-work seeking to get government assistance.

ASSETS:

- Investment account

Total Net Worth: \$150,000

QUESTIONS TO ASK:

- Is it difficult for your child to keep a steady job?
- Are they trying to qualify for SSI or Medicaid?
- What is their net-worth?
- Would it be hard for your child to relinquish some control over his or her assets?
- Who would be a good Trustee for this Trust?