

CASE STUDY:

The Special Needs Client: Part 3



Ashley's and David's son has special needs. They are concerned about his long-term care and the potentiality of him needing governmental assistance to supplement his income. They don't have a lot of money, but want to do whatever they can to care for their son.

How do you advise them?

Ashley and David should establish an ABLE Account for their son. ABLE Accounts are a relatively new investment account. Created in 2014, ABLE Accounts allow third-parties to fund up to the Gift Tax Annual Exclusion (\$15,000 annually) into the account every year.

Once their son is old enough to start spending money on his own in a responsible way, he will have access to the funds in the ABLE Account to help pay for activities and services not otherwise provided by the government (if he is receiving SSI or Medicaid). And there are maximum allowable assets in an ABLE Account (\$325,000 in MO), SSI benefits are not suspended until the account reaches \$100,000.

ASSETS:

- House (with mortgage)
- Bank accounts
- Investment accounts
- Roth IRA
- 401(k)
- 529 College Savings Plan

Total Net Worth: \$550,000

QUESTIONS TO ASK:

- Are you concerned about the cost of care for your child?
- Do you want to provide him/her with flexibility in asset management and distribution?
- Will your child be able to maintain a job in the future?
- Will he/she need government benefits?