

A Special Needs Trust Guide for Beneficiaries

ADMINISTRATION &
DISTRIBUTION GUIDE
FOR SPECIAL NEEDS
TRUSTS



Eastern Point
Trust Company®

Administration of A Special Needs Trust

Money Paid Directly to The Beneficiary

The receipt of cash affects eligibility for SSI as well as Medicaid benefits. The trust may pay for eligible services and items directly. If the beneficiary has a credit card, the Trustee may pay the credit card bill at the end of the month if all receipts for purchases are attached to the credit card bill that is submitted with the distribution request form for payment. The Trustee will only authorize payment for items purchased on the credit card that are for the sole benefit of the beneficiary.



Money Paid Directly to Someone to Provide for the Beneficiary

Money paid directly to someone to provide the beneficiary with food or shelter reduces the beneficiary's SSI benefit—but only up to a certain limit (typically the maximum reduction is 1/3 of your SSI monthly benefit).

Only the below-listed items count as in-kind support and maintenance (ISM) when paid by the Trustee. Payments for any of these items will affect a beneficiary's monthly SSI check.



Food and shelter expenses



Mortgage payment



Garbage removal



Real property taxes



**Property insurance
(if required by lender)**



Rent (room and board)



Heating fuel



Electricity



Water



Sewer

Please note that some examples of allowable household expenses include cable TV, telephone and internet service.



Credit Card Payments

Making purchases on credit is treated as though you were borrowing money, and what you purchase this way is not counted as income. This does not avoid the ISM (In-kind Support and Maintenance) rule.

Medical, Vocational, Educational and Other Personal Services

If payments are made directly to third parties, there is no limitation on what may be spent for the beneficiary in the above categories.

Vehicle Ownership

For liability purposes, the Trust will not own vehicles. Individuals on SSI and Medicaid can own a vehicle, and a beneficiary's trust fund may be used to purchase one (1) necessary vehicle for the beneficiary's sole use. Funds of a minor beneficiary will not be used to purchase the family vehicle and can only be used to purchase a vehicle specially adapted to meet a minor beneficiary's special needs. Vehicles owned by a beneficiary can be maintained with trust funds.



Pre-Need Burial Policy

At the beneficiary's death, the Trustee is unable to pay for burial and funeral expenses from the trust prior to the state Medicaid agency being paid back. We recommend prepaying the beneficiary's burial expenses once the trust is funded. During life, burial contracts are permissible expenditures if they are irrevocable and do not accumulate cash value. A burial space, which is also permissible, includes burial plots, gravesites, crypts, mausoleums, urns, niches and other customary and traditional repositories for the remains. The term includes necessary and reasonable improvements or additions to or upon such burial spaces.

Employment of Family Members/Friends as Aides and Attendants

The amount paid to the caregiver must be reasonable, in accord with what the Trustee would pay a stranger to provide the same services for the same number of hours. Receipt of such payments by a caregiver would generally be considered income and subject to federal income taxes and will be treated as W-2 wage employees. A caregiver should consult with their income tax advisor regarding treatment of these payments.



Personal Effects, Household Goods, and Consumable Items

The Social Security staff and Medicaid staff are instructed to assume that the value of all things the applicant/beneficiary has is less than \$2,000 unless something is reported to the contrary. Items such as furnishings, TVs, computers, books, recreational items, consumables such as toothpaste, grooming items, games, hobby materials, etc. may all be purchased by credit card, and then the Trustee can pay the credit card bill if all receipts for items purchased are submitted with the bill.

Maintaining Eligibility

The SSI rules provide that if an individual loses eligibility financially for SSI benefits, but resumes financial eligibility within a 12-month period or less, the Social Security Administration may resume SSI benefit payments without the entire medical evaluation and re-application process. Ineligibility would occur because of a cash payment received, not the receipt of ISM.

Gift Cards

The Trust does not allow the purchase of Gift Cards.

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Types of Distributions from Special Needs Trust

Types of Distributions from a Special Needs Trust

	SSI	RSDI/SSDI	Non-ACA Medicaid	Section 8*	SNAP
CASH					
Cash/ Unearned Income	Dollar for dollar reduction in benefits after the first \$20.00	No impact	Counts toward income limits; could disqualify	Counts toward income limits; could disqualify	May cause ineligibility
HOUSING					
House/Condo/ Co-op*subject to equity limits	Income in the month of purchase	No impact	Income in the month of purchase	Income in the month of purchase	No impact
Rent or mortgage	Up to a 1/3 reduction in monthly benefits	No impact	Counts toward income limits; could disqualify	Counts toward income limits; could disqualify	No impact
Utilities of home not owned by SNT	Up to a 1/3 reduction in monthly benefits	No impact	Counts toward income limits; could disqualify	Counts toward income limits; could disqualify	No impact
Utilities of home owned by SNT	No impact	No impact	No impact	No impact	No impact
Property taxes of home not owned by	Up to a 1/3 reduction in monthly benefits	No impact	Counts toward income limits; could disqualify	Counts toward income limits; could disqualify	No impact
Property taxes of home owned by SNT	No impact	No impact	No impact	No impact	No impact
Association Fees	Up to a 1/3 reduction in monthly benefits; for the portion allocated to paying for utilities and taxes	No impact	Counts toward income limits; could disqualify; for the portion allocated to paying for utilities and taxes	Counts toward income limits; could disqualify; for the portion allocated to paying for utilities and taxes	No impact
Maintenance/Repairs	No impact	No impact	No impact	No impact	No impact
Improvements/ Modifications	No impact	No impact	No impact	No impact	No impact
Furnishings/Appliances	No impact	No impact	No impact	No impact	No impact
Insurance	No impact	No impact	No impact	If regular and recurring counts as income	No impact

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	SSI	RSDI/SSDI	Non-ACA Medicaid	Section 8*	SNAP
FOOD					
At Home	Dollar for dollar reduction in benefits after the first \$20.00	No impact	Counts toward income limits; could disqualify	Counts toward income limits; could disqualify	No impact
Groceries & Restaurants	Up to a 1/3 reduction in monthly benefits	No impact	No impact	No impact	No impact
Away from Home	No impact	No impact	No impact	If regular and recurring counts as income	No impact
MEDICAL EXPENSES					
Otherwise available from government benefits or another provider	May cause ineligibility	N/A	May cause ineligibility	If regular and recurring counts as income	No impact
Otherwise unavailable from government benefits or another provider	No impact	No impact	No impact	If regular and recurring counts as income	No impact
CAREGIVING: NO CONTRACT					
No Contract: Family member	May cause ineligibility	N/A	May cause ineligibility	If regular and recurring counts as income	No impact
No Contract: Unrelated	May cause ineligibility	N/A	May cause ineligibility	If regular and recurring counts as income	No impact
CAREGIVING: WITH CONTRACT					
Contract	No impact	No impact	No impact	If regular and recurring counts as income	No impact
Supplementing hours for a beneficiary living in the community receiving caregiving provided through Medicaid	No impact	No impact	No impact	If regular and recurring counts as income	No impact
Supplementing hourly rate for a beneficiary living in the community receiving caregiving provided through Medicaid	May cause ineligibility	N/A	May cause ineligibility	If regular and recurring counts as income	No impact

Types of Distributions from a Special Needs Trust

	SSI	RSDI/SSDI	Non-ACA Medicaid	Section 8*	SNAP
CAREGIVING: WITH CONTRACT (CONT'D)					
Supplementing daily rate for a beneficiary living in a nursing facility on Medicaid	May cause ineligibility	N/A	May cause ineligibility	If regular and recurring counts as income	No impact
Supplemental caregiver for a beneficiary living in a nursing facility on Medicaid	No impact	No impact	No impact	If regular and recurring counts as income	No impact
VEHICLES					
Car/Truck/Van/Motorcycle (Beneficiary can own one (1) vehicle)	If Beneficiary already owns a vehicle, additional vehicle must be owned by the trust to not affect benefits. If the trust purchases vehicle outright should have no affect on benefit but Trustee may opt not to purchase due to potential liability	No impact	No impact	If regular and recurring counts as income	No impact
Recreation Vehicle (ATV/RV/Boat)	Trust can own them without affecting the benefit—but Trustee may opt not to purchase due to potential liability	No impact	No impact	If regular and recurring counts as income	No impact
OTHER					
Technology: Cell phone, computer, iPad, internet, cable, other equipment and adaptive devices	No impact	No impact	No impact	If regular and recurring counts as income	No impact
Education: Tuition, books, room & board, tutors	No impact	No impact	No impact	If regular and recurring counts as income	No impact
Professional services: Legal, tax, financial, advocacy, guardianship, conservatorship, fiduciary	No impact	No impact	No impact	If regular and recurring counts as income	No impact

Types of Distributions from a Special Needs Trust

	SSI	RSDI/SSDI	Non-ACA Medicaid	Section 8*	SNAP
Gifts: Birthday, Holiday, Special Occasions, Church, Charities, Goods & Services for others	Dollar for dollar reduction in benefits after the first \$20.00	No impact	Counts toward income limits; could disqualify	Counts toward income limits; could disqualify	No impact
OTHER (CONT'D)					
Funeral: up to allowable state Medicaid limit	No impact	No impact	No impact	If regular and recurring counts as income	No impact
Child Support	If court ordered support, should not impact benefits.	No impact	No impact	If regular and recurring counts as income	No impact
Personal Goods & Services: Clothing, hygiene, haircut	No impact	No impact	No impact	If regular and recurring counts as income	No impact
Loans/Debts—Personal Loan, Credit card, SSI overpayment, Student loans, Bank Loan, Family/Friend Loan	Must be a “bona fide” loan. If so, no impact	No impact	Must be a “bona fide” loan. If so, no impact	If regular and recurring counts as income	No impact
Entertainment/Travel—Vacation, movies, theater, books, sporting events, concerts, memberships, clubs, subscriptions	No impact	No impact	No impact	If regular and recurring counts as income	No impact

**All Section 8 benefits are subject to the review of the local housing authority or PHA and their interpretation of what constitutes “regular” and “recurring” may vary.*

This information is provided for convenience only and should not be considered legal advice. Rules and penalties are subject to change without notice.

Benefit programs can vary from state to state. The beneficiary or beneficiary’s representative should be familiar and adhere with their state’s eligibility guidelines and requirements.

Notes



Company Overview

Eastern Point Trust Company is an international leader in trust innovation that provides fiduciary services to individuals, courts, and institutional clients across the U.S. and internationally.

For 30 years, our commitment to our company values have helped create an environment that puts client success first—which is a reason why our institutional and retail client relationships continue to grow. Eastern Point Trust has become the fastest growing trust company in the United States through the administration of trusts related to some of the most recognized cases in recent history.

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