

Take care of a loved one who has special needs with an SNT

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Special needs trusts ("SNTs"), also called "supplemental needs trusts," benefit children or other family members with a disability that requires extended-term care or that prevents them from being able to support themselves. This trust type can provide peace of mind that your loved one's quality of life will be enhanced while not disqualifying him or her for Medicaid or Supplemental Security Income ("SSI") benefits.

Preserve government benefits

Medicaid and SSI pay for basic medical care, food, clothing and shelter. To qualify for these benefits, however, a person's resources must be limited to no more than \$2,000 in "countable assets." Generally, every asset is countable with a few exceptions, including among other things a principal residence, a car and a small amount of life insurance.

An SNT is an irrevocable trust designed to supplement, rather than replace, government assistance. To preserve eligibility for government benefits, the beneficiary can't have access to the funds and the trust must be prohibited from providing for the beneficiary's "support." That means it can't be used to pay for medical care, food, clothing, shelter or anything else covered by Medicaid or SSI, such as the basic medical care provided by those programs.

Pay for supplemental expenses

What an SNT *can* be used for is to pay for virtually anything government benefits don't cover, such as unreimbursed medical expenses, education and training, transportation, insurance, and modifications to the beneficiary's home. It can also pay for "quality-of-life" needs, such as travel and entertainment.

The trust must not pay any money directly to the beneficiary. Rather, the funds should be distributed directly — on behalf of the beneficiary — to the third parties that provide goods and services to him or her.

Alert family and friends

To ensure that government benefits are not inadvertently cut off, notify family members and friends to make gifts or bequests directly to the *trust* and not outright to the loved one with special needs.

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