

When a disability begins for someone in childhood, or as a young adult, it affects the entire family. The cost of providing care can exhaust a family's resources. Therefore, many families and caregivers resort to government benefits to provide the comprehensive care needed throughout the disabled individual's lifetime. At the same time, disabled individuals and their families wish to continue to provide some help and resources for enhanced or special care. The tool which can make both possible is the **Supplemental Needs Trust (SNT)**. Authorized by the Federal Social Security Law, SNTs are an important and flexible tool when making long-term plans for your disabled loved one.

Common Use

SNTs will protect the government benefits received by the disabled individual by permitting them to transfer their existing assets into this special kind of trust. If created properly, the assets owned by the trust will not be counted as an available resource of the beneficiary. A SNT can provide for extra funds for supplemental care, such as transportation, special housing or clothing needs, special medications, therapies and education and uncovered services and equipment.

Types of SNTs

1. A **First Party or "Pay-Back" Trust** is funded with the disabled individual's own assets and may be used in both nursing and homecare situations. This SNT is generally created when:

- A person who is already obtaining benefits receives money, for example, from an inheritance or law suit settlement.
- A person has assets, then suffers a tragic accident or becomes disabled, thereby requiring costly care or treatments not covered by insurance, etc.

The beneficiary of this type of SNT must be younger than sixty-five years, and the trust must be established a parent, grandparent, Guardian or Court order. Upon the beneficiary's death, the government entity, which provided the benefits for the disabled person, must be "paid back" out of the funds remaining in the trust.

2. A **Third Party Trust** is funded with the assets of someone other than the disabled person, i.e., parent or relative, and should be established when:

- An intended gift or bequest to a disabled individual would cause the beneficiary to lose benefits.

Because the assets in this type of trust were not in the disabled person's name, the government entity is not "paid back" for the benefits received by the beneficiary.

3. **Pooled Income Trust** is another type of Third Party SNT. This SNT is used when:

- A disabled individual has the capacity to establish the trust themselves. Assets placed into this trust are held in a special fund established and managed by a non-profit organization, which maintains separate accounts for each disabled beneficiary, but pools accounts for investment purposes and the benefit of the disabled community.

This type of SNT allows the disabled person to keep their income for personal expenses, such as rent and utilities. Upon the death of the disabled person, any remaining money in the trust is left to the managing non-profit organization.

Essentials on Trusts

- When naming a primary Trustee, it is important to appoint a responsible successor.
- Designate a remainder beneficiary to receive any unspent assets.
- SNTs should be updated every three to five years.



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