LNW PERSONAL WEALTH ADVISORY BY Laird Norton Wetherby

Comparing and Contrasting Special Needs Trusts

Choosing a trustee of a Special Needs Trust is critically important for families of loved ones with disabilities. That trustee must be highly knowledgeable about trust laws and regulations but also be respectful of the needs and considerations of the beneficiary and the family.

At Laird Norton Wetherby Trust Company, we have deep experience administering Special Needs Trusts and focus our efforts on four key components:

1. We ensure the trust is functioning as intended given changing laws and regulations. We consistently review and understand the rules for government programs and how they relate to Special Needs Trusts. We use the "True Link" pre-paid VISA card, which is recognized by these programs as an acceptable method of providing for the needs of the beneficiary without jeopardizing government benefits. We also have relationships with attorneys who specialize in this field to get advice and support on upcoming changes to rules and regulations and regularly attend educational seminars to remain up to date.

2. We diligently respond to requests. We understand that needs can change quickly and having the right care in place can make a significant difference. We have seen situations where the beneficiary is eventually able to function independently and the Special Needs Trusts acts as a support system. In other situations, the beneficiary's needs increase over time and the trust becomes vitally important for day-to-day maintenance and well-being. Because we work so closely with the beneficiary, we are ready to quickly adapt to the changing circumstances.

3. We manage Special Needs Trust assets to meet the goals and objectives of the trust and the beneficiary. By getting to know beneficiaries and working closely with them, we can establish an appropriate investment model for the trust that satisfies the individual's goals while also meeting the trust's objectives. As part of our investment management process, we review investment performance and provide beneficiaries with the knowledge they need to properly maintain their finances. Sometimes a beneficiary isn't quite ready to manage finances on their own, and we are here to help restore balance and security.

4. We take the time to build relationships. We do not bill by the hour to manage or administer trusts but instead charge a set fee for all services. This allows us to spend quality time with beneficiaries and their families, if so desired, to really get to know them. We realize that making financial decisions can be confusing, so we encourage open communication and questions.

The Co-Trustee Solution

Special Needs Trusts can benefit greatly from having two trustees, known as co-trustees: (1) A family member who has a strong relationship with the beneficiary; and (2) a professional trustee, such

TYPES OF SPECIAL NEEDS TRUSTS (SNTs)

- **First-Party (or Self-Settled) Special Needs Trust.** If the person previously owned the assets going into the trust (by way of inheritance, lawsuit proceeds, or beneficiary designation), those funds must go into a First-Party Special Needs Trust. If the person then uses government benefits such as Medicaid, a lien is placed on the trust. At the beneficiary's death the trust funds may be used to pay back the Medicaid funds distributed over their lifetime.
- **Third-Party Special Needs Trust.** These are the most common SNTs, usually set up by parents or grandparents for a family member with a disability who may be eligible for public benefits now or later in their lifetime. These funds can never be placed outright into the hands of a beneficiary. In contrast to a First-Party Special Needs Trust, these assets are not subject to the Medicaid payback requirement.

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as Laird Norton Wetherby Trust Company, whose trust department gets to know the family and the beneficiary well and can respond to changing needs quickly and effectively.

Depending on the beneficiary's current life situation, there are three basic types of SNTs that can be created.

Laird Norton Wetherby Trust Company has been administering trusts for more than 50 years in line with the values and the needs of the families we serve. We serve as both trustee and co-trustee of first-party and third-party special needs trusts. We draw upon both our personal and professional experience to deliver exceptional service and provide peace of mind to the families we serve.

Contact us to start a conversation.

TYPES OF SPECIAL NEEDS TRUSTS (SNTs)

- **Pooled Special Needs** Trust. This type of trust is offered and managed by a variety of nonprofit organizations to benefit many different beneficiaries with disabilities. Like a mutual fund, incoming assets are co-mingled, invested, and then distributed in proportion to each beneficiary's share of the total amount. For assets of $100,000 or less, a pooled trust can be meaningful solution.

ABOUT THE AUTHOR



Susan Zurek, CTFA, ChSNC®, FPQP™, ATFA, With more than two decades of experience in trust administration, Susan brings to her client relationships a rare combination of empathy and expertise. She works closely with LNW specialists in investments, tax strategies and wealth planning to administer trusts in alignment with the intent of the grantor, the needs of the beneficiaries, and federal and state laws and regulations.

ABOUT LNW

LNW Advisors provides services to support exceptional families and individuals seeking to activate the full potential of their wealth.

To help turn lifetime ambitions and multigenerational aspirations into reality, Laird Norton Wetherby (LNW) brings to each client a high level of care combined with deep expertise in wealth and legacy planning, investments, and trust and estate services.

Offering both RIA (registered investment advisor) and trust services, LNW is committed to providing clients with unbiased, independent guidance and solutions. LNW has offices in Seattle, San Francisco, New York, Los Angeles and Philadelphia, as well as an affiliated trust company in South Dakota, empowering clients across the U.S. and around the world.

LNW is owned by employees and majority owned by Laird Norton Company, one of the longest-sustained family enterprises in the United States. To learn more, please visit LNWAdvisors.com.

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