LNW PERSONAL WEALTH ADVISORY BY Laird Norton Wetherby

Consider Including a Special Needs Trust in Your Estate Plan

As comprehensive as the estate planning process is for many families, too often a critical component is neglected: a Special Needs Trust. As the name suggests, a Special Needs Trust is created for the benefit of a person with a disability, whether that be a friend or family member, as a way to leave an inheritance, as well as to arrange for government assistance like Supplemental Security Income (SSI) and/or Medicaid. This can be a critical document and process to ensure a loved one with special needs receives the support, care, and quality of life they expect and deserve for the remainder of their life, long after the current caregivers have passed.

The reality is the rules for qualifying for government programs (means-based testing) can be very specific. For example, applicants can own a house and furnishings, a car, and ordinary personal items, but if that person has cash or other assets valued at more than $2,000 in their name in any one month, that person can be disqualified for assistance or benefits could be reduced. A qualified administrator of a Special Needs Trust can help navigate this complexity.

If a person with a disability is utilizing Medicaid, it is essential not to lose that coverage, as Medicaid can provide for foundational medical care, hospital stays, and long-term care services. A Special Needs Trust can supplement those benefits while also providing for the comfort and support of a loved one.

Additionally, assets placed in a Special Needs Trust, which is irrevocable (i.e. cannot be dissolved), are not calculated into means-based testing, meaning that these assets are not included in the $2,000 a month limit.

It is important to include a provision in a trust or will to shift an inheritance into a Third-Party Special Needs Trust should the need arise. This becomes especially important if a beneficiary is currently receiving government benefits or may need them in the future. An outright distribution from a trust or estate could result in a reduction of these essential benefits or elimination altogether.

As you consider incorporating trusts into your estate plan, we are here and ready to serve as your trustee or co-trustee, offering comprehensive, personalized support based on our deep personal and professional experience. If you'd like to learn more about how we can help you achieve peace of mind for your family, please contact us.

Contact us to start a conversation.

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.

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ABOUT LNW

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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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