

JLA Trust & Services Presentation
Intro to Government Benefits and
Special Needs Trusts

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*“We must be willing to
get rid of the life we’ve
planned, so as to have
the life that is waiting
for us.”*

—Dr. Joseph Campbell

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Today’s Presentation

- Government benefits and COVID-19
- Overview of Government Benefits
- SSI, Medi-Cal and IHSS
- Purpose and use of Special Needs Trusts
- Pooled Special Needs Trusts (SNTs)
- JLA Trust: Future Funded Accounts
- CalABLE Savings Accounts
- How SNTs and CalABLE work together

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COVID-19 Benefit Updates

- Can now use EBT cards to order food online from Amazon and Walmart.
- Stimulus checks to SSI recipients are not a countable resource, okay to go over max of \$2k, ABLE accounts are a good option.
- Don't put off applying for new benefits during the pandemic.

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Introduction to Government Benefits

- Many government benefit programs have asset (resources) or income (monthly) limits, along with disability criteria
- Government benefits are only designed to get recipients to federal poverty level
 - In 2021:
 - 100% for 1 person is \$12,880
 - 100% for a family of four is \$26,500

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Need-Based vs. Entitlement Benefits

Need-Based Benefits (depends on income level)	Entitlement Benefits (does not depend on income level)
Supplemental Security Income (SSI)	Social Security (SSDI)
Medi-Cal	Medicare

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SSDI/Disabled Adult Child aka "Childhood Disabled Beneficiary Benefits"



- A parent's child with a disability may receive a percentage of the parents' Social Security Retirement benefits if the child was diagnosed before age 22
- Child must be over the age of 18 to receive the benefits
- Payments begin when the parent retires, becomes disabled or dies
- The Disabled Adult Child receives 50% of the parent's Social Security retirement amount while the parent is alive (and the parent keeps getting 100%) and then 75% of the parent's Social Security retirement amount after that parent passes

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What resource are not counted for SSI?



- The house you live in;
- One car (some exceptions exist);
- Life insurance policies you own with a face value of \$1,500 or less per person;
- Burial plots for you or your immediate family;
- A burial fund of up to \$1,500 each;
- Household goods and personal effects;
- Resources can't exceed \$2,000 for an individual/child or \$3,000 for couple/parents.

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What is Supplemental Security Income (SSI)?



- Max monthly income is \$1,310 in 2021
- Monthly cash benefit (\$943 max) from the Social Security Administration (\$783 is Federal, \$160 is C.A)
- For adults aged 65 or older who are disabled
- For the blind and disabled of any age
- Must have limited income and resources (needs based)
- Children with disabilities may also qualify if parents low-income
- **Links automatically to Medi-Cal**

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SSI – Understanding In-Kind Services and Maintenance (ISM)



- SSI considers financial assistance for food, shelter or basic utilities to be "in-kind" income for the following categories:
 - **Food, mortgage payments, property taxes, rent, heating fuel, gas, electricity, water, sewer, and garbage removal**
- ISM is counted if a third party, such as a family member or a special needs trust, pays for these items
- A penalty of 1/3 of the federal share of SSI plus \$20 will be imposed (\$284 in 2021)



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What is Medi-Cal?



- Pays for medical care, in-home caregivers, and long-term care (nursing home and some assisted living)
- Pays for durable medical equipment (such as wheelchairs or insulin pumps)
- Pays for prescription medication
- Pays for end-of-life/Hospice care
- New requirement of managed care (HMO enrollment)
- Needs-based program (low income, low assets)
- Can have both Medi-Cal and Medicare at the same time
- Can have private insurance Medi-Cal (secondary)


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What is IHSS? (In-Home Supportive Services)




- Medi-Cal benefit that pays for care-provider in the home
- State-administered program pays caregivers \$15/hr in LA Care recipient is the "employer"
- County decides how many hours per month based on needs of beneficiary
- Maximum is 283 hrs/protective supervision
- Family members can be paid care-providers

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SSI and IHSS recipients can receive CalFresh (SNAP/food stamps) 

- Need to apply over the phone, in person, or online. If approved, they will get an EBT card and the CalFresh benefit will be loaded onto it each month. The average CalFresh benefit for a household of 1 is \$130 a month. Benefits will vary based on household circumstances.
- The limit for resources for CalFresh is \$2,000 for the household. Households that contain a member that is disabled or elderly (over 60) can have resources up to \$3,000.




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What is a Special Needs Trust (SNT)? 

- SNTs are designed to provide a person with a disability with assets to enhance quality of life while at the same allowing that person to keep eligibility for vital government benefits
- Must be used primarily for the benefit of the beneficiary
- SNTs allow the beneficiary to have the benefits of government needs-based programs, and also have the benefits of the assets (plus investment income) held in the Trust

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Key Legal Terms with SNTs

- 1. Settlor, Trustmaker, Grantor, Trustor:** different names for the person or entity that created the trust. In California, the term settlor is generally used.
- 2. Trustee:** Person responsible for administering the trust once it is established. A trust can also name successor trustees.
- 3. Beneficiary:** Person or entity that is to receive the benefit of the trust.


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Professional Trustee vs Family Trustee

- Best practice is to have a licensed professional such as a professional trustee, bank, law firm or commercial trust company
- Professional trustees typically require \$500,000 - \$1 million minimum in assets to provide their services
- Family trustees may find trusteeship to be a burden—many legal, tax and government benefits issues to deal with, plus the case management

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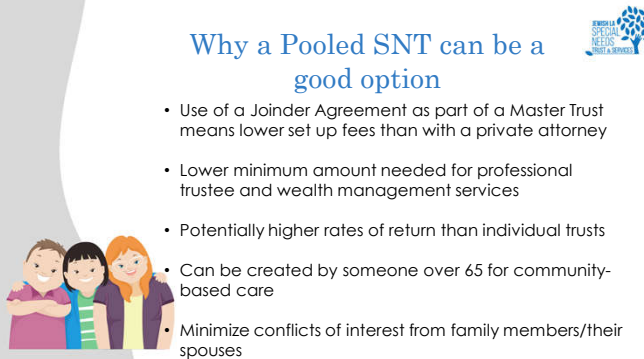
What is a Master Trust?

- Pooled trusts are required to be run by non-profit companies. The non-profit develops a master trust agreement governing all participants.
- Serves as an "umbrella" trust document for every beneficiary who enrolls by signing and executing a Joinder Agreement
- Using a Master Trust developed by an expert Trust attorney saves money

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Why a Pooled SNT can be a good option


- Use of a Joinder Agreement as part of a Master Trust means lower set up fees than with a private attorney
- Lower minimum amount needed for professional trustee and wealth management services
- Potentially higher rates of return than individual trusts
- Can be created by someone over 65 for community-based care
- Minimize conflicts of interest from family members/their spouses



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JLA Special Needs Trust

- We offer 1st (self-settled) and 3rd party subaccounts using Master Trusts
- 1st party special needs trusts: Money belonging to the beneficiary such as a legal settlement or inheritance. Medi-Cal payback after beneficiary's passing.
- 3rd party needs trusts: Money from parents, grandparents or other family members. No Medi-Cal payback.
- Future Funded option (\$200 min deposit)
- All have a \$20,000 minimum before disbursements
- Create spending plan/monthly allowances



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Our Partnership with 

- Mission-driven company that uses innovative technology to support individuals with disabilities
- Accounts are held at Charles Schwab –choice of 3 portfolios - Conservative, Conservative Growth & Moderate
- Request disbursements online or via phone, and can receive funds quickly via a reloadable Visa debit card



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Our Partnership with True Link




- Mission-driven company that uses innovative technology to support individuals with disabilities
- Accounts are held at Charles Schwab –choice of 3 portfolios - Conservative, Conservative Growth & Moderate
- Request disbursements online or via phone, and can receive funds quickly via a reloadable Visa debit card

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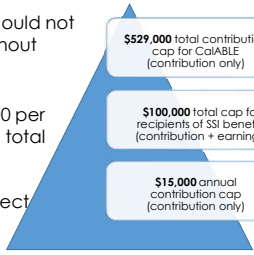

New Future Funded Option (3rd Party)

- Easy and affordable way to set up a special needs trust for the future
- Other family members can contribute funds or designate inheritances
- Sets up a professionally-managed trust
- Only requires deposit of \$200 into pooled money market account
- \$600 enrollment fee

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Account Contributions

- **Before the ABLE Act:**
 - A person with a disability could not save more than \$2,000 without impacting their SSI
- **Now:**
 - You can save up to \$15,000 per year and up to \$100,000 in total before SSI is impacted
 - CalABLE will automatically reject excess contributions

\$529,000 total contribution cap for CalABLE (contribution only)

\$100,000 total cap for recipients of SSI benefits (contribution + earnings)

\$15,000 annual contribution cap (contribution only)

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CalABLE Basics



- Only one ABLÉ account
- Beneficiary is always the account owner
- Account can be opened by the beneficiary or an Authorized Legal Representative (parent, legal guardian/conservator, Power of Attorney)
- Accounts are asset-protected – they cannot shelter income
- Function both like a savings/checking account
- Anyone can contribute
- Funds are tax-exempt as long as they are spent on "Qualified Disability Expenses"

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What is a Qualified Disability Expense (QDE)?



- Any expense related to the designated beneficiary as a result of living a life with disabilities that helps maintain or improve your health, independence or quality of life
- Categories are intentionally broad, and include food, education, housing*, transportation, health care expenses and more
- Non-QDE: Not illegal, but if taken, expense is now subject to regular income taxes, plus a 10% tax penalty and benefits may be at risk (expense may now be considered a resource)

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How ABLÉ accounts and SNTs can work together



- Advantages to using ABLÉ accounts to pay for rent
- Non-conserved beneficiaries can have more direct control over their ABLÉ funds
- Can use SNT as more of a savings account with fiduciary oversight
- No penalties in transferring money from a SNT to an ABLÉ account, and vice versa
- Because ABLÉ accounts max at \$100,000 for SSI benefits, makes sense to use SNT for ongoing medical and other living expenses

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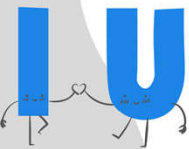
The Big Picture – Three Accounts

- 1. Personal Checking:** Receives SSI payments and work earnings (if low)
 - Used for paying rent/mortgage, meals/grocery, utilities, and for cash needs.
- 2. CalABLE Account:** Receives funds when checking account nears its \$2,000 limit and receives work earnings (when higher), gifts or personal payments lower than the \$15,000 annual ABLE account limit.
 - Pays for any qualifying disability expense, including transportation, assistive technology and employment support, or supplements housing expenses (e.g., utilities, condo dues, etc.).
- 3. Third-Party SNT:** Receives larger gifts and inheritances.
 - Pays for larger expenses, including health-related expenses, vacations, insurance, etc.

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Confused? Need A Consultation?

JLA now offers affordable hourly consultations on government benefits for families, now available by phone or Zoom. We offer 3 free consultations a month for new clients only and then \$90/hour. We have slots open in November and December for free consultations.



Sign up: <https://calendly.com/mwolf-8/30min>

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