

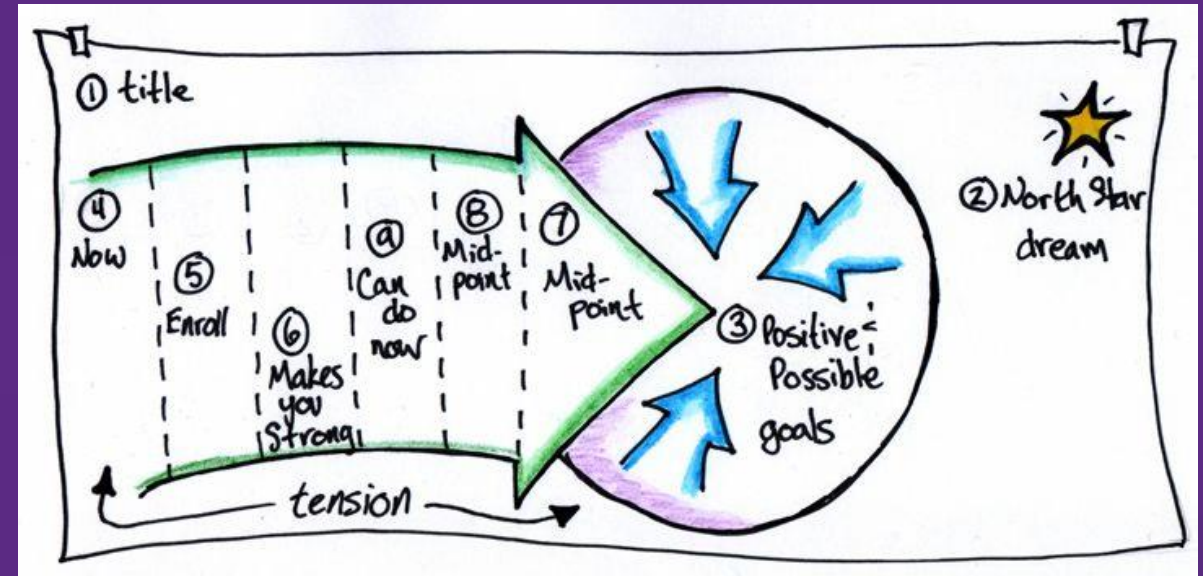
Special Needs Trusts and The Arc of Texas Master Pooled Trust

What you need to know!

What we will talk about today

1. Future Planning Introduction
2. What is a Special Needs Trust?
3. What is the Master Pooled Trust (MPT)?
4. Questions?

Things to Consider when planning for the future!



- ✓ Family
- ✓ Friends
- ✓ Home
- ✓ Will
- ✓ Life Insurance
- ✓ 401 K/IRA
- ✓ Savings
- ✓ Letter of Intent
- ✓ Trusts
- ✓ ABLE
- ✓ Supported Decision Making
- ✓ Powers of Attorney
- ✓ Guardianship

The Arc Center for Future Planning

The Arc US has some great resources to begin your future planning.

<https://futureplanning.thearc.org>



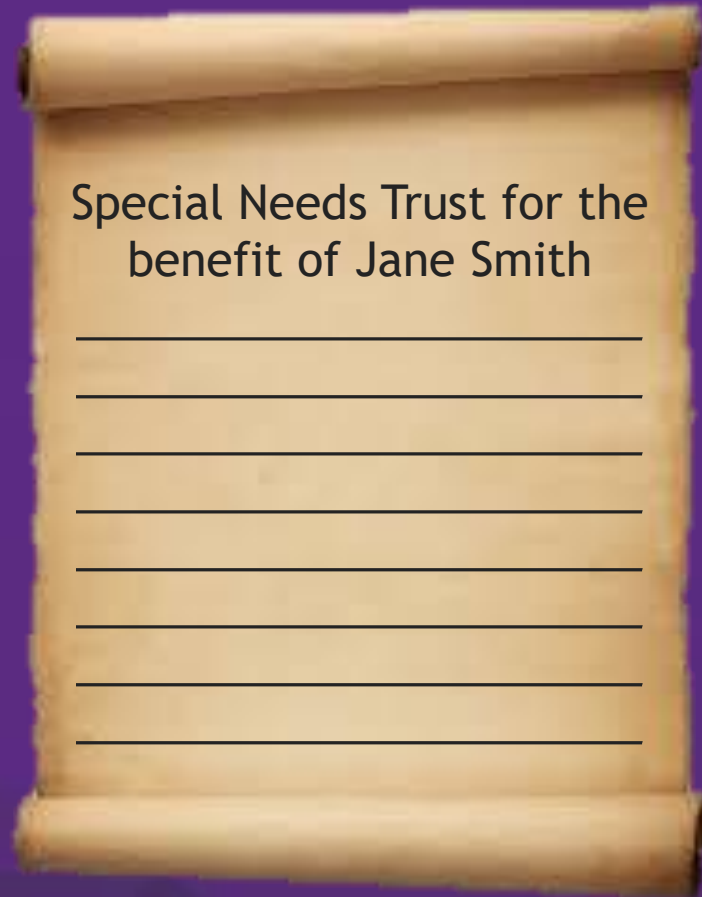
SNTs- Special or Supplemental Needs Trusts

What is a Trust?

- A trust is a relationship where property is held by one party (a person, an organization, a bank, a group of people) for the benefit of someone else.
- Every trust has a
 - beneficiary, the person that the trust is set up to support; and a
 - trustee, the person or persons who make decisions about how the money is spent.



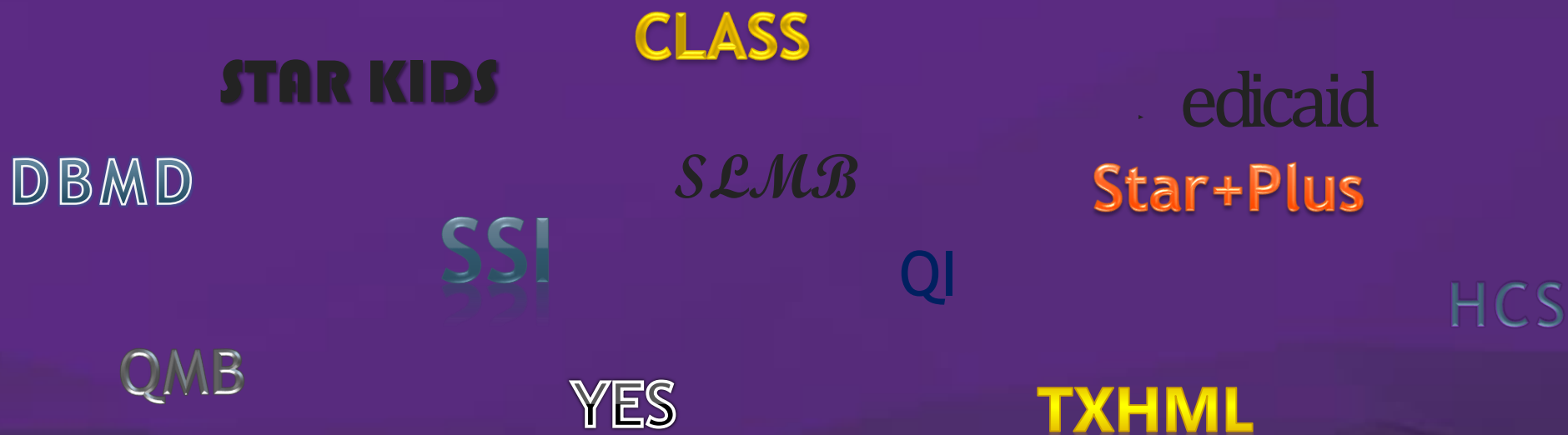
What is a Trust?



- A trust is a document that gives the rules about what happens to the money or the property.
 - Is it spent or saved?
 - How much can be spent?
 - What can the money be used for?
 - Who can use the money?
- Is there property? What happens to that property?

Supplemental or Special Needs Trust

- A Supplemental or Special Needs Trust (SNT) is a specialy drafted trust that allows an individual with a disability to retain assets while still keeping their means tested benefits.



What is a Trust?

- Think of a trust as a special place in which ordinary property that you have (money, homes, land, jewelry, other items) is “placed”.
- Once it is there it takes on a sort of new identity and often is given “super powers”.



What is an SNT's SUPER POWER?

INVISIBILITY!!!!

An SNT's super power is the ability to make assets "invisible" for Medicaid or SSI purposes.



Why use an SNT?

- Provide for your loved one after your passing.
- Manage money
- Protect public benefits while improving quality of life.
- Safeguard funds against predators and creditors.
- Child support for individuals over 18.



How to use Special Needs Trusts

- SNTs are great for financial planning.
 - Included or funded with your will
 - As a Life Insurance Beneficiary
- SNTs are great for a one time windfall of money.
 - SSI Back payments
 - Lawsuit settlements
 - Inheritance
- SNTs can be used to hold property or mineral rights.



Third Party vs. Self-Settled

Third Party Trusts

- Third Party Trusts are funded with a third party's money on behalf of an individual with a disability.
 - Use this with a will or life insurance policy.

YOUR MONEY FOR YOUR
LOVED ONE

Self-Settled Trusts

- Self-Settled Trusts are funded with the beneficiary's own money, typically through personal injury settlements, SSI back payments, inheritances, or savings accounts.

A PERSON WITH A
DISABILITY'S OWN MONEY

Medicaid Payback and SELF SETTLED TRUSTS

- Medicaid Payback Provision
 - When the beneficiary passes away, any money left in the trust has to be used to pay the state back for any Medicaid money spent on their behalf over their lifetime.
 - ALL SNTs established with the beneficiary's own money require this provision in order to protect benefits.



Traditional vs. Pooled

Traditional SNT

- Traditional SNTs- a person establishes the trust through an attorney and an individual or a bank serves as the trustee.
- Individual Trust Document is created for your specific needs

Pooled SNT

- Pooled SNTs- a person establishes the trust and a non-profit organization serves as the manager. The assets may be pooled for investment.

The Arc of Texas

MASTER POOLED

trust

What is the Master Pooled Trust?

The Master Pooled Trust (MPT) is a pooled SNT that offers families an alternative to a traditional trust.

- The Arc of Texas serves as the Manager.
 - As the Manager, The Arc of Texas handles the day-to-day operations of the MPT.
- Providence First Trust Company serves as the Trustee.
- JP Morgan Chase is the Financial Administrator and Investment Advisor
 - JPMorgan handles the investments and sends the money to the beneficiaries and their families.

Master Pooled Trust

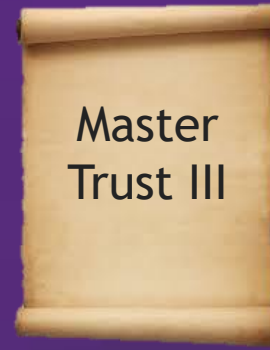
- The Master Pooled Trust (MPT) has four (I-IV) MASTER trusts that individuals or their families can “join”.
 - The MPT has over 1700 active sub-accounts.
 - These trusts are already drafted and meet SSA and Medicaid’s requirements for an SNT
 - ALL 4 Trusts can help protect benefits.



Master
Trust I



Master
Trust II



Master
Trust III



Master
Trust IV

Master POOLED Trust

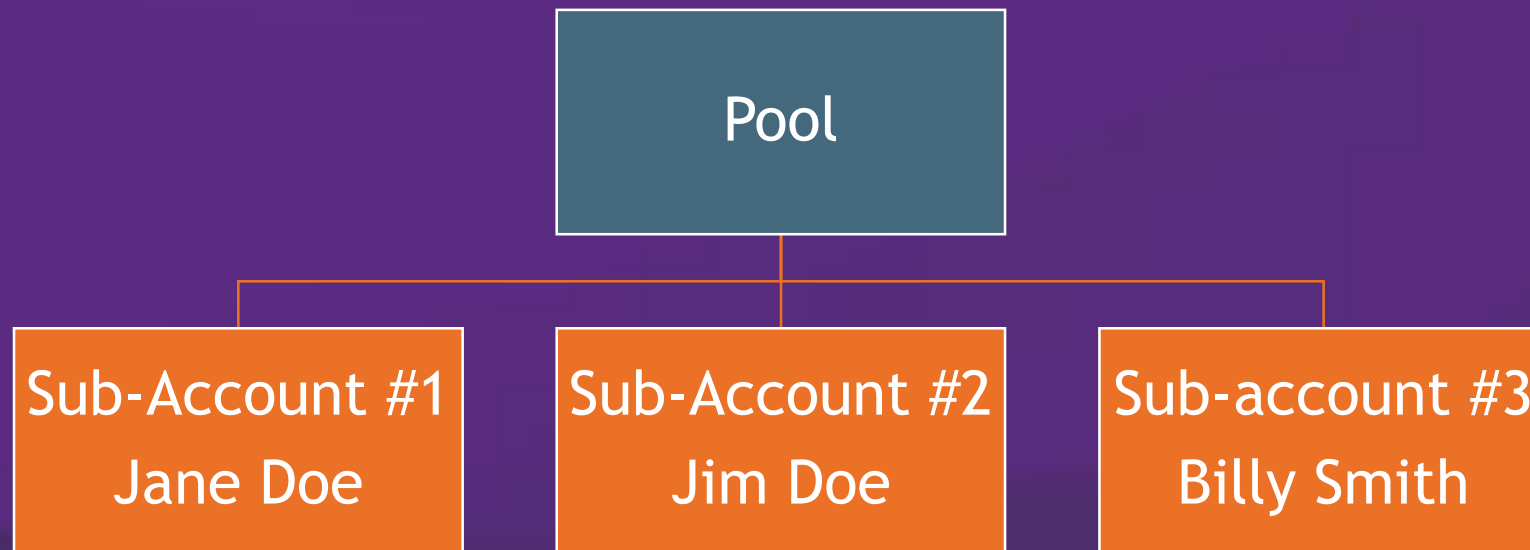
- The MPT is unique because all sub-accounts are “pooled” together for investment purposes.
- By pooling all the sub-accounts together, the trust is able to keep fees to a minimum.



The MPT can only accept CASH assets!

Master Pooled Trust

- Each beneficiary has their own “sub-account” within the MPT.
 - This means that the beneficiary *only has access to their own personal sub-account*.



Whose Money funds A Master Pooled Trust?

Trust I & Trust III THIRD PARTY TRUSTS

- Funded with a third party's money on behalf of an individual with a disability.
 - Recommended for families who would like to leave money to an individual through their will or life insurance policy

*****Trust III is Recommended*****

Trust II & IV SELF-SETTLED TRUSTS

- Funded with the beneficiary's own money.
 - personal injury settlements
 - SSI back payments
 - inheritances or
 - savings accounts

*****Trust IV is Recommended*****

Types of Master Pooled Trusts

SUPPLEMENTAL

- Trust I & II are supplemental trusts and disbursements will be made only for supplemental needs, which include most items that are NOT food or housing costs.

DISCRETIONARY

RECOMMENDED

- Trust III & IV are discretionary trusts that allow for more flexibility. If a beneficiary does not currently need to qualify for means-tested benefits (SSI, Medicaid) or is able to take a reduction, both basic support (food and housing) and supplemental payments may be approved.

Where does the money go when the Beneficiary Dies?

Trust I & Trust III

- The Grantor outlines in the Joinder Agreement where or to whom the funds go
 - Ex: Siblings, children, grandchildren

Trust II & Trust IV

- Medicaid gets paid back first!
- It is outlined in the Joinder Agreement where or to whom the funds go.

Remaining funds may be left to the Trust BEFORE Medicaid is paid back, but there is NO REQUIREMENT to leave anything to the Trust!

How much does it cost?

The Master Pooled Trust is a low cost alternative to a traditional trust.

- Enrollment fee is \$600 (ONE TIME!)
- No Annual Fees required for unfunded accounts.
 - The account stays open and ready to receive funding but NO FEES are required until the account is funded
- Annual Fees are:
 - Minimum annual fee: \$300
 - 1.75% on the first \$50,000
 - 1.25% for amounts between \$50,001 up to \$100,000
 - 1% for amounts over \$100,000



The Arc[®]

Texas

Contact US at: 1-800-252-9729

Trust@TheArcOfTexas.org

www.TheArcOfTexas.org/Trust