



Master Pooled Trust Annual Report 2011

2011 OVERVIEW

The Arc of Texas Master Pooled Trust ended 2011 with a cumulative funding amount of thirty-four million, two hundred thirty six thousand ten dollars (\$34,236,010). This demonstrates an increase of one million, four hundred sixty one thousand eighty five dollars (\$1,461,085) from the 2010 year-end total.

Since its inception in 1997, the Master Pooled Trust has served a cumulative total of one thousand six hundred thirty two (1,632)* enrollees. At the end of 2011, there were a total of one thousand one hundred seventy five (1,175), with nine hundred fifty seven (957) trust sub-accounts currently funded and two hundred eighteen (218) remained awaiting funding from future sources such as life insurance policies, family estates, or pending funds due the beneficiaries.

*(Since the Trust's inception, a total of 457 active accounts have been closed, due either to the death of the beneficiary or to depletion of funds in the sub-account)

CONTACT US

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UPDATE YOUR RECORDS

In order to keep your records up to date, please let us know of any changes to your **current public benefits, address, phone number and e-mail.**

NEW FORMS

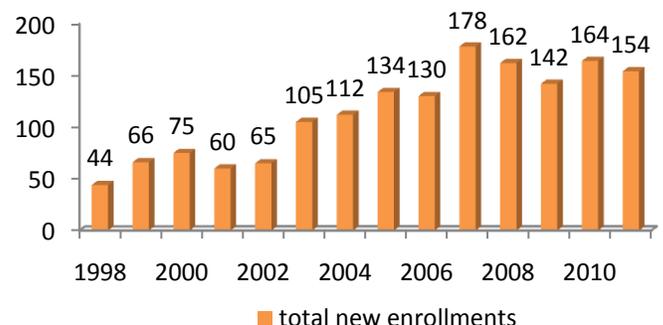
Please look in your Quarterly Statements for new **disbursement, mileage and reimbursement forms.** We ask that you begin using these forms immediately. If you need more copies, they are available online or you can call and request that more be sent to you.

E-mail disbursement requests along with receipts, invoices or bills to trust@thearcoftexas.org.

Growth of the Master Pooled Trust

Word continues to spread about the Master Pooled Trust and how it benefits people with disabilities. 2011 saw a steady increase in the number of enrollments in the Master Pooled Trust at 154. This graph indicates the increases in the relative rate of growth in the Trust throughout its history.

GROWTH RATE



TYPES OF TRUST SUB-ACCOUNTS

TRUSTS I & II

These are “supplemental needs only” trusts. This means that these Trust accounts can make disbursements for supplemental items which are not covered by government benefits or insurance. Disbursements are not available for goods and services which are considered “basic needs” (such as food and shelter). This restriction is in order to protect eligibility for those public benefits.

Trust I sub-accounts are funded with “third-party money.” This means the source of the money is from any person other than the beneficiary. Many of these are not funded at this time. Most often, the sub-account is funded by parents or other family members through life insurance policies, their wills, or from family income.

Trust II sub-accounts are funded with the beneficiary’s own money. Often, the source of the money is a lawsuit or insurance settlement, an inheritance already received, or an SSI back payment.

TRUSTS III & IV

Many people with disabilities are not receiving “means-tested” public benefits such as SSI and Medicaid but still need the financial oversight of a disability organization like The Arc. For these individuals and families, we developed Trusts III & IV that can make disbursements for the basics such as food, clothing, and shelter, *if* the beneficiary is not currently on “means-tested” public benefits. *If* the individual requires benefits, then The Arc will approve only supplemental disbursements in order to protect those benefits, as with Trusts I & II (above).

Providing the choice of Trusts III & IV opens the door to families and attorneys who want The Arc Trust to pay for basic maintenance and support and, therefore, allows grantors to fund the Trusts with higher dollar amounts.

It is important to note: Trust I & III sub-accounts, funded with third party money are not subject to Medicaid claims from the state after the beneficiary’s death, but Trust II & IV sub-accounts, funded with the individuals own money, are subject to a Medicaid lien. This is the main reason why we encourage families to plan ahead, set up trusts, and revise wills.

All four Trusts have been approved by the Texas Regional Social Security Office and the Texas Department of Aging and Disability Services

State offices agree that funds in the Master Pooled Trusts I, II, III & IV are not counted as “resources.”

INVESTMENTS

JP Morgan-Chase invests the pooled fund with oversight from the Master Pooled Trust Finance Committee. The Committee is comprised of volunteer board members with accounting, finance, and investment backgrounds. To reduce the volatility of investment returns, with the advice of JP Morgan-Chase, we maintain a “balanced portfolio” investment strategy to balance growth with income and principle stability.

The Master Pooled Trust Portfolio experienced an overall loss of -1.4% net of fees in 2011. The equity component of the investment returned -6.2%, and fixed income and cash grew at a rate of 2.5%. The average growth since the inception of the trust on January 1, 2000, has been 3.9% per annum.

The markets were particularly volatile in 2011. It will be remembered for the year of unprecedented events, including Arab Spring uprisings, a devastating earthquake and tsunami in Japan, the first ever downgrade of U.S. debt, and a continuously evolving European sovereign debt crisis. Although the portfolio rebounded during the fourth quarter, it was not enough to recover market losses in August and September.

The Board of Directors of The Arc of Texas along with the Master Pooled Trust Finance Committee are confident that JPMorgan-Chase will continue to invest wisely and conservatively to bring gains to the Trust this upcoming year.

RESULTS OF THE ANNUAL USER SATISFACTION SURVEY

The Arc of Texas Master Pooled Trust intends to offer the best possible service to participants. In order to receive feedback on how we are doing, Trust staff have sent a Satisfaction Survey to all of the families and individuals representing active accounts (that is, funded accounts which have requested at least one check during 2011), as well as all new funded and unfunded accounts since the previous survey. Out of the 522 surveys sent this year, 153 families completed and returned the survey; that is near a 30% return.

Each question in the survey has five possible answers and scores. They are: *Never (0), Rarely (25), Sometimes (50), Usually (75), Always (100)*. To determine an average score, we add the scores for each question and divide by the number of respondents.

Below are the questions and scores from our thirteenth annual survey. **The score for each question is in quotations, with a score of 100 being perfect.**

1. Trust staff were helpful in filling out the Joinder Agreement to set up the Trust. Score: "97"

This score continues to be high, as in previous years. Even though the Joinder Agreement is written in as user-friendly language as possible, many people have questions when completing the Joinder Agreement. The Arc MPT Staff continues to assist attorneys, beneficiaries, and family members with the procedures necessary to enroll in the Trust.

2. When I call to discuss my trust, the person with whom I must speak is easily accessible. Score: "88"

The Master Pooled Trust strives to always have someone available to answer questions. Oftentimes, staff is busy meeting with other interested families, assisting others on the phone, or traveling to present the Master Pooled Trust to parent or professional groups. In this case, staff returns calls as soon as possible. Despite the increased size of the Trust, we have seen a steady high customer satisfaction rating in this area, reflecting our emphasis on customer service.

3. When the person with whom I must speak is not available, he/she does return my call and is able to speak with me within two business days of my request. Score: "94"

It is a priority of the Trust staff to return calls immediately if someone calls while staff is out of the office or on the phone. This score is more evidence of our high quality customer service and commitment to our beneficiaries.

4. When I call with a question on non-trust matters or need advice, the person with whom I speak is willing to help and/or provide a referral. Score: "93"

Frequently, MPT Staff are asked about referrals to service programs or assistance in dealing with other non-trust-related problems. Our experience with regulations, for example, might lead to a quicker response than if the caller had contacted a government agency directly. In addition, we may be able to refer callers to services of which they may not have been aware. This score remains high, indicating consistently good customer service.

5. I feel comfortable referring relatives, friends, and colleagues to the trust for assistance. Score: "94"

This high score indicates a considerable amount of confidence in the value of the MPT by those who are most familiar with its workings. Trust staff are pleased to know that the vast majority of families who use the Trust indicate that they would refer others to the MPT. The consistent growth of the Trust is due in part to the references of our current beneficiaries.

6. Of the Trust materials that I have received and read, I found them to be helpful and easy to understand such as the Trust articles, brochures, and the annual report provided by The Arc. Score: "88"

Financial and legal documents can be complex. Trust staff makes an effort to clearly communicate Trust information through our materials. The Trust office maintains a library of trust, estate planning, and regulation information and makes any articles available to the public. We are also working to make changes in order to provide more information and access to our present and future beneficiaries.

7. When my disbursement request is received by The Arc MPT Staff, I receive approval and the check, or a response on the status of my request, within five working days. Score: "97"

We give top priority to disbursement approval. The MPT works hard to ensure that the Trust is accessible and the procedure is as easy as possible. While there have been incidences where the request or the check was not received due to mail errors, or delays occurred because more supporting documents (i.e. invoice, receipts) were needed from the Representative, most customers are completely satisfied with check approval procedures. This satisfaction is illustrated with this 97% approval rating.

8. When my disbursement request cannot be approved, the person to whom I must speak takes time to discuss the reasons with me so that I may have a clear understanding of why the disbursement was unable to be approved. Score: "94"

Most participants replied that this question did not apply to them because all of their disbursements have been approved. New participants in the trust are encouraged to call before they begin requesting disbursements so that they are clear on what kinds of disbursements can be approved. Our disbursement policy is to approve all requests that are for the benefit of the Beneficiary and that will not jeopardize the Beneficiary's eligibility for government benefits. A sample list of supplemental disbursements is available upon request. Communicating with and assisting families is very important to Trust staff and we are consistently working to ensure that all beneficiaries understand the goal of protecting benefits and using their money wisely.

www.thearcoftexas.org/trust

9. Requesting disbursements is a positive experience for me. The person with whom I speak is receptive to how I want the trust used. He or she is encouraging and supportive of my efforts. Score: "96"

Master Pooled Trust staff does everything possible to provide for the participants in the Trust while staying within state and federal guidelines that will protect their benefits. Our primary purpose is to improve the quality of life for people with disabilities. It is important to Trust staff that this score always be high, and we are pleased to have another excellent score in this area.

10. The financial reports that I receive from the bank are understandable. Score: "91"

Financial reports are sometimes hard for people outside of banking to comprehend so Trust Staff have diligently worked with our Trustee JP Morgan-Chase to provide financial reports that are easier to understand. Trust staff is always available to answer any questions or discuss these reports at any time.

11. I feel that the annual management fees charged for funded accounts are reasonable. Score: "76"

Based on surveys conducted with leading bank trusts and other pooled trusts across the country, the Master Pooled Trust fees are lower or comparable. Our minimum fee is significantly lower than bank trusts. The Trust Finance Committee evaluates fees and makes adjustments so that the Master Pooled Trust can provide services with fees that are as low as possible. While some beneficiaries report that they would prefer to pay no fees, particularly during hard financial times, the fee is necessary to maintain the services provided by The Arc of Texas staff and JPMorgan-Chase Bank. There has been no increase in trust enrollment fees or annual management fees since 1999.

Requesting disbursements is a positive experience for me. The person with whom I speak is receptive to how I want the trust used. He or she is encouraging and supportive of my efforts. Score: "96"



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TRUST STAFF

Trust Manager: Haley Greer came on board as the Manager of the Master Pooled Trust in January 2012. She communicates with families and beneficiaries regarding approval of checks for items and services to improve beneficiaries' lives; works with attorneys to set up new sub-accounts; works with The Arc of Texas Finance & Trust Committees and our corporate Trustee JP Morgan-Chase to ensure the investments are secure and records are accurate; and speaks with family and professional groups about the benefits and uses of the Master Pooled Trust.

Chris Oglesby, the former Trust Manager from 2000-2011, left to pursue personal goals and we wish him the best. Chris participated in hiring and training the new trust manager, Haley Greer.

Prior to joining The Arc of Texas, Haley worked for many years in the Texas House of Representatives. She is a longtime volunteer of The Arc and was the Co-Director of the Texas Advocates Peer to Peer Grant. Most recently Haley served on The Arc of Texas' Board of Directors and as a member of the Master Pooled Trust Advisory Committee. She earned her undergraduate degree from the University of Texas at Austin and her law degree from Saint Louis University School of Law.

Trust Coordinators: This year the trust saw the need to increase the level of staff to two full time professional staff to ensure excellent customer service of daily trust activities. **Dee West and Louisa Day** are the primary customer service contacts for the trust beneficiaries and their representatives. They are responsible for handling the daily administration of disbursement requests, check deposits, and enrollment of new accounts, as well as maintaining accurate records of trust participants and sub-accounts. They also ensure that any daily operations of accounts are handled correctly.

Dee West has served in this position for nearly eight years and handles sub-accounts with **last names from A-L**. **Louisa Day** joined the MPT in July of 2011 and handles the other half of sub-accounts, with **last names from M-Z**.

I feel comfortable referring relatives, friends, and colleagues to the trust for assistance. Score: "94"

SUPPORT FROM TEXAS LEGAL SERVICES

The Master Pooled Trust continues to provide families with information regarding attorneys who may work at reduced rates on behalf of individuals with disabilities. The Texas Legal Hotline is a lawyer referral service provided statewide by Texas Legal Services Center and is a great first-step on the road to estate planning services for many Texas families. Families seeking a lawyer to assist with estate planning can call TLSC for attorney referrals: Contact **The Legal Hotline for Texans: (800) 622-2520** or **(512) 477-3950**. <http://www.tlsc.org>

Bruce Bower, Esq., our contracted attorney from Texas Legal Services Center, has continued to provide us excellent advice concerning questions surrounding approving Joinder Agreements and disbursements and with research concerning law and policy.

COMMUNICATIONS WITH STATE & FEDERAL OFFICES

The Master Pooled Trust continues communications with Texas probate courts, the Texas Department of Aging and Disability Services, the Social Security Administration, and other state, city and county agencies providing benefits to people with disabilities. Through these communications, we have been able to ensure correct understanding of regulations in order to protect individuals' benefits. Even though the Medicaid and Social Security agencies have approved of our trust and provide us support, not all eligibility workers in the field have been thoroughly informed. The Arc's staff has been able to relieve beneficiaries and their families from the burden of explaining the trust to their eligibility workers, while also ensuring that their benefits are protected.