



A SPECIAL NEEDS PLAN™

The Family Advocate™

A GUIDEBOOK TO SPECIAL NEEDS PLANNING

Designed to educate families on what they need to do to secure their loved one's future.



**“NEARLY 80% OF PARENTS ARE VERY OR EXTREMELY
CONCERNED ABOUT THEIR CHILD’S FUTURE
INDEPENDENCE AND FINANCIAL WELL-BEING”**

EASTER SEALS STUDY-2008

Inspiration Behind This Guidebook

Planning for the future is challenging. Over the years of serving families, **we've learned that many families do not know where to turn for help.**

- ▶ **65% of parents/caregivers report that they don't have enough help in planning for the future¹**
- ▶ **93% of parents/caregivers have not spoken to a financial professional trained in special needs planning.²**
- ▶ **56% of parents/caregivers of a child with special needs are unaware of specializing professionals who can help.²**
- ▶ **94% do not have an up-to-date Life Care Plan (i.e. Special Needs Plan)²**

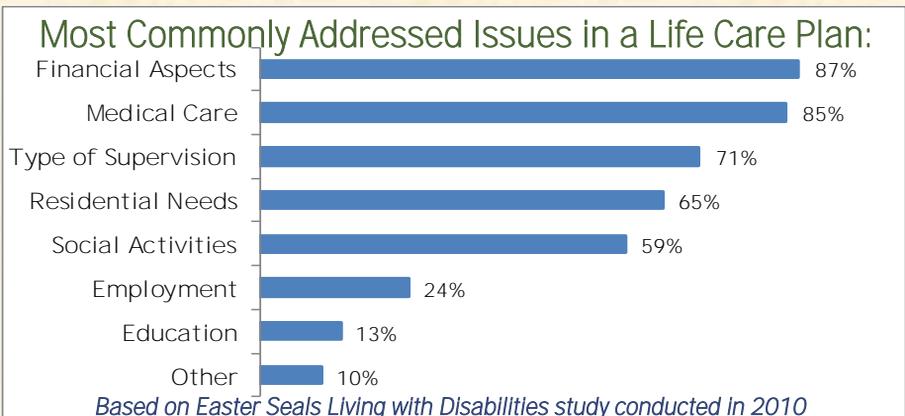
¹The Arc "FINDS Survey 2011"

²Easter Seals Study, 2008 and 2010

What is Special Needs Planning?

Special Needs Planning is a process that identifies the financial, legal and lifetime needs for you, your family and your loved one. Special Needs Planning does not end with the identification of these needs, but includes the necessary action steps that you need to take to ensure a bright future for everyone in your family during three distinct times of your life:

1. While you are alive and well.
2. While you are alive, but are no longer able to be your **loved one's primary caregiver because of your own health issues.**
3. When you pass away.



Most Common Misconceptions About Special Needs Planning:

1. A SPECIAL NEEDS TRUST IS SPECIAL NEEDS PLANNING.

Unfortunately, many families believe that by having a special needs trust **they've completed special needs planning and they** have everything needed to provide a secure future for their loved one. This one myth is potentially the most dangerous because it can provide a false sense of security. Special needs trusts are a critical component to special needs planning, but **it's only one component of the plan for your family's future.**

It is critical to understand the following items in conjunction with a special needs trust:

- How is the special needs trust tied to your financial plan?
- What type of special needs trust did you create?
- Can extended family, like grandparents, leave money to the special needs trust you created, or do they have to setup their own?
- Did you communicate with extended family regarding the details of the special needs trust?
- Does your trustee know the distribution rules of a special needs trust and how to ensure future government benefits are not interrupted?
- Do you know which assets are the most efficient to leave in the trust in terms of taxation and market strategies?

“The best way to get something done is to begin.”



2. GOVERNMENT BENEFITS ARE ENOUGH TO SUPPORT MY CHILD FOR THEIR LIFETIME.

Government benefits are critical resources that help to offset daily living expenses and a lifetime of medical care; however, they rarely provide 100% support. Government benefits vary and have complicated rules and qualification requirements. The granting of benefits can depend on the situation of your loved one as well as your own. It is important that you plan beyond government benefits, and understand the costs that are not covered, so that you can build a strategy to provide for those needs.

“I wish someone would educate parents that government money does not pay for all their child’s future needs, and they should, if possible, have additional resources available for their loved one’s future.”

- Residential Housing Provider Executive

3. I CAN ALWAYS MAKE DECISIONS FOR MY LOVED ONE.

Many parents believe that as parents they are able to always **assist with legal decisions in their child’s life. This is simply not true.** Once a child reaches the age of 18, they are seen as an adult by the legal system, and therefore competent to make all decisions (including financial and medical) on their own. A parent has no legal authority to continue to make decisions and guide their child at that time. If your loved one needs you to continue to help them make those decisions beyond age 18, you will need to take action and become their legal guardian.



4. GUARDIANSHIP IS IRREVERSIBLE.

Guardianship (Conservatorship in some areas) is used by many families to protect their loved one, and to help them with decisions surrounding healthcare and their money. The guardianship process requires that your loved one is deemed incompetent to make decisions by the court. Considering your loved one incompetent can be difficult especially if your child is **“high functioning.”** Keep in mind that **Guardianship can be reversed**; although, the process can be difficult. Depending on **your child’s abilities, you may want to consider alternatives to Guardianship.**

5. I NEED TO HAVE ALL THE ANSWERS BEFORE I START PLANNING.

This is a huge misconception and one that stymies many families. One decision that continually stops families from beginning the planning process is, **“Who will care for my loved one when I cannot, or when I die?”** This can be a paralyzing decision for many parents; however, a qualified special needs planner has the tools to assist you in answering these questions, and others, in assembling a comprehensive special needs plan. A proper planning process will help you find answers and solutions to your questions, as well as, bring questions to the forefront that you never considered.

6. MY CHILD IS ONLY 4 YEARS OLD ... I CAN WAIT TO PLAN.

At four years old or thirteen years old, you may not know the exact trajectory of your **loved one’s development.** In the early years, most parents are focused on doing everything possible to improve the abilities and



strengths of their child, and rightfully so. As we all know, tomorrow is not guaranteed, and yet for most of us tomorrow will come and so will the day after. However, the possibility exists that you will not be here tomorrow to care for them, to bring them to therapy, doctor appointments, school, activities, and to financially provide. If you are not here to provide, then who will? How will they? How much will it cost? How do I pay for it? All questions that a qualified planning process will help you answer. When you finish the planning process you will know the necessary action steps that will **secure your loved one's future.**

7. I DON'T HAVE ENOUGH MONEY TO EVEN WORRY ABOUT.

You may have heard someone say, *“You don't know what you don't know.”* Special needs planning is different, because **what you don't know can have a severe impact on your loved one's future. Government benefits are available for your loved one but only if they qualify.** Some government benefits (SSI and Medicaid) are financially needs based, meaning your loved one must remain below a monthly income threshold, as well as an asset level threshold. In 2012, if you leave your child more than \$2,000 in an account, they will lose access to the resources that SSI and Medicaid provide. (Certain exceptions to the \$2,000 level exist). It is important to understand how much money is too much money.

Waiting is a trap. There will always be **reasons to wait... The truth is, there are only two things in life, reasons and results, and reasons simply don't count.”**

-Robert Anthony



The 10 Most Common Mistakes You Need to Avoid

1. NEVER DEFINED FUTURE NEEDS OF YOUR LOVED ONE

If you have a GPS system, you know that if you want directions, you must enter your current position as well as a destination. If you never enter a destination, the GPS system **can't help you. The same can be said for your loved one's** future needs. You must first take time to program the GPS, meaning define the future needs of your child (i.e. therapy needs, housing, care-giving environment, monthly expenses, medical needs, employment). Second, pinpoint your **destination, meaning define a lifetime cost to your loved one's** needs. In this way, you will know how much money it will take to provide these future needs.

2. NEVER SET UP WILL OR OTHER LEGAL DOCUMENTS

A Will does three important things for you, your family and your loved one. It tells the court system:

1. Where your property goes
2. Where your people go (who will be future care-givers)
3. Who will Administer your Will (Executor/Executrix)

Without a Will the court will make these decisions for you. Your loved one may not receive the assets you would like, or your loved one may receive assets that could result in the loss of government benefit eligibility. Further-



more, the court can decide where your loved one lives and he or she may not be cared for by those you intended.

3. USE DISINHERITANCE MODEL

“We will just leave all of our assets to other children or to a family friend and they will see to it that our loved one will receive the proper care.”

This has been a common planning method that carries unnecessary risk. For instance, when we leave money to another person, that money is now their asset to do with as they wish. They can decide to skimp on care for your loved one and use more of it for themselves.

Another risk we take with this model is liability. For instance, if the person we leave the money to ends up divorcing in the future, then 50% of the money you intended for the care of your loved one can be given to the ex-spouse in the divorce settlement. Another risk can occur if the individual you leave the money to has financial difficulty (bankruptcy) or is named in a lawsuit; then the money you intended for the future needs of your loved one may be wiped out. There is a much better way to protect the needs of your loved one, and it is setting up a special needs trust.

4. NO SPECIAL NEEDS TRUST IS SET UP

A Special Needs Trust is a uniquely designed trust for you to leave assets **that will provide for your loved one's** future care. By placing them in this unique trust, you will avoid the dangers of the previous mistake. Furthermore, you will protect eligibility for government benefits such as Medicaid and SSI.

Words of Caution:

A Special Needs Trust is not a regular trust. You need to meet with a qualified special needs planner (and qualified attorney) to ensure you have the right type of trust.

5. NEVER CHANGED BENEFICIARY DESIGNATIONS

Beneficiary Designations are most notably found on life insurance and retirement plans such as 401(k), IRA, Roth IRA, pension plans, etc. These are important because they ignore the sentiments of your will. Make certain to designate the proper primary, secondary and tertiary beneficiaries to make certain your money goes where you intend.

A CAUTIONARY TALE

A Father visited an attorney to draft a special needs trust so that he **could protect his son's future and secure his son's future government benefits**. The attorney designed, created, and drafted a special needs trust using the proper language and with all the necessary provisions. They even named a family member as a Trustee and also named a Corporate Trustee to handle the administration of the trust so that it will always stay qualified as a special needs trust as the government benefit landscape changes. The trust was well thought out and brilliantly designed.

The father felt very secure.

The father died.

All his assets were transferred to the special needs trust for the benefit of his son. All his assets except for an old IRA. An IRA is an account that does not pass through the Will, but instead passes through the beneficiary designation. This father never changed the beneficiary designation **after his son's trust was created. The IRA beneficiary was his son!** This means that the IRA passed directly to his son, and because this retirement account had a value of \$85,000, his son lost all his government benefits. Everything this father was trying to avoid happened because a small detail was not completed. He never integrated, there was never any coordination.

6. NEVER SECURING YOUR OWN FUTURE

If we imagine your life as a truck rolling **down life's highway, then your child's life** would be represented as the trailer **being pulled by the truck. Your child's future** is hitched to your well-being and to your successful future. The future of your child is contingent upon your own. If your truck breaks down, then in essence, so does the trailer.



As parents, we are always putting our children's needs before our own and working diligently to create a bright future for them. Your child's future is only as healthy as your own. As you begin planning for the future of your child, you must also plan for your future. By securing your future, you also help to create a better future for your child.

7. NEVER MADE FUTURE CARE-GIVER OFFICIAL

Either you never chose a future care-giver, or you did choose one but never made it official with the court system, meaning in your Will.

This is usually one decision that is very difficult to make; however, a qualified planner should have the tools necessary to help you in making this decision.

8. DON'T UNDERSTAND THE TAX SYSTEM

The tax system can be complex to understand for a family without a loved one with special needs, however, it is much more so when we are trying to provide for a lifetime of needs when the parents are gone. It is important to understand that when you leave money to a special needs trust, any asset placed in that trust is taxed at trust tax rates, which are compressed. This means we must be cognizant of which assets we decide to leave in the trust in terms of taxation. We do not want our assets to be left in a trust only to see them eaten away by taxes. This would defeat the purpose. It is critical that we understand this so we begin funding the proper accounts today that minimizes taxes and maximizes the amount we pass on to our loved one.

Tax Rates— Individual vs. Trust

2012 - Top Tax Rate for Individuals is 35%, but that only impacts taxpayers with incomes higher than \$373,800. The Trust top tax rate is also 35%, but it reaches that level with \$11,200 of income. This means that leaving an old 401(k) or IRA that has never been taxed, will be taxed as income tax when it is distributed from the trust, meaning a higher income tax rate is likely to be assessed.

9. COMMUNICATION IS ABSENT

It is common that parents and caregivers do not take the **time to document their child's medical history, daily activities, therapists, schools, professionals involved in their child's life, organizations they are a part of, their child's favorite things (i.e. music, movies, books, blankets, toys, activities, etc.), behavioral issues, sensitivities, diet, and most importantly the hopes and dreams for their loved one's future. You have learned quite a bit about your child** and how he or she interacts with the world, and we want to ensure the next caregiver is given a head-start so they can provide the best care possible for your child when you are no longer able.

It is critical that you share your plan with extended family. It is all too common for parents to do planning in a vacuum. This can be a problem when a well-intended grandparent leaves money for your child. A gift could disqualify your child from future government benefits which would result in the loss of hundreds of thousands of dollars of benefits over **your child's lifetime. This event can be avoided by sharing your plan.**



10. DID NOT INVEST IN YOUR PLAN

In order to assemble a proper plan it will take an investment of 3 things:

1. TIME
2. MONEY
3. EDUCATION

Take the time to learn as much as you can about Special Needs Planning, and invest in finding a qualified specializing professional that can assist you. *(We have provided interview questions to help you find those professionals. See page 13.)*

Generally, there is a cost to designing, creating, and implementing your plan to ensure it will work from year to year.

You can find additional resources in the back of this guidebook that will help you in continuing your education on special needs planning.



“I thought I had everything figured out, but after our meeting I realized that this is much **more complex than I thought it was.**” Parent

Interviewing Professionals

Finding a qualified and trained professional in special needs planning, including financial planners, attorneys, trust companies, **and accountants, is vital in securing your plan. We've assembled** a list of questions you can ask to aid in choosing the right one.

1. I know this is a highly specialized area that requires knowledge of government benefits, the legal system, tax code, distribution planning, and transfer of assets from one generation to the next, do you have expertise in these areas? How would I know that?
2. What professional training have you had in the area of special needs planning? What courses have you taken? Can you show me your most recent course manual? Can you share with me the books you have read on special needs planning?
3. Do you attend continuing education conferences on the topic of special needs planning? If so, how often? If not, how do you stay on top of the changes in the legal system, tax code, government benefits and their impact for special needs families?
4. **When you're considering the distribution phase of our money** and the transfer phase of our money, how do you ensure our money gets to our child after we are dead? What do you do to limit the erosion of these assets to taxation?
5. What is the maximum asset limit in order to qualify for Medicaid?
6. What is the difference between SSI and SSDI?
8. Can you clearly define the planning process you use to help me secure the future of my loved one with special needs?

(The professional should be able to describe to you very easily the steps they use in serving families.)
8. Can you provide me 3 families that you have helped in the area of special needs planning, so that I may call them to discuss their experience?

Continued from "Interview Questions," page 13.

9. Can you provide me the names of 2-3 professionals you work with in the area of special needs planning?
10. Who do you turn to when you have questions in the special needs area?
11. Are you involved in the special needs community? If so, how? (This question will show you if the professional has his/her finger on the pulse of the special needs community by their involvement with organizations, societies or conferences. It will also show empathy and support for the community as a whole.)

As you interview professionals, stay focused on their mannerisms. For instance, eye contact should stay strong throughout this question and answer period, their voice should be clear and confident, and their answers should flow easily. For questions number 8 and 9 they may offer to email you these names and contact information, and that is absolutely acceptable. If the professional you are interviewing is able to answer these 10 questions with authority and you receive positive feedback from the families and



professionals you contact, then you have found yourself a highly qualified special needs planner. You should move quickly to hire them. As you begin to research professionals, you will find special needs planning experts are very few and far between, so when you find one do not delay, because delaying only means you are putting the future security of your loved one at risk. When you find qualified

professionals, you should feel a sense of accomplishment and a sense of excitement. With their help, you will begin a journey

that will lead to security for you, your loved one, and your entire family. The planning process you go through will provide you answers to many questions, including, ***“What happens to my child when I am no longer able to care for them or when I die?”*** Having the answer to this question should release a burden from your shoulders, and should provide peace of mind.

A CAUTIONARY TALE

The grandparents of two siblings with autism passed away and **left them more than \$250,000. The children’s parents decided to** set up a Special Needs Trust for this money, and enlisted the help of a financial planner and an attorney who were not experts in this specialized area. Later, the parents decided to use some of the trust money to build a pool. They consulted with their attorney and financial planner to make sure they were following the **distribution rules. Because the pool was used for the children’s** therapy needs, the purchase qualified. They asked these advisors if they could also build a pool house or cabana. The advisors said yes.

The government later audited their trust. Unfortunately, the cabana was not considered necessary for the therapy needs of their children. The trust was disqualified as a special needs trust. **What did this mean? The parents lost their children’s government** benefits. Not only that, they had to repay the government for all benefits provided since the date the trust was first created. And that large inheritance from the grandparents?

Completely gone.

***“Form your purpose by asking for counsel,
then carry it out using all the help you can get.”***

Proverbs 20:18

Getting Started

- Step 1:** Determine the lifetime financial needs of your loved one. *We recommend you engage the help of a qualified Special Needs Financial Planner or The L.I.F.E. Planning Starter System™ can also help.*
- Step 2:** Decide on a future caregiver.
- Step 3:** Schedule time with a qualified special needs attorney to complete a will, special needs trust, and legal documents
- Step 4:** Communicate your plan with your family.

These four steps will start you in the right direction of building a solid foundation.

About Us

A Special Needs Plan™ is a special needs planning advisory firm, offering:

- Planning consultations to families
- Educational workshops and seminars for families, organizations, and financial professionals
- Special needs planning educational products

Ryan Platt, a licensed financial planner, **founded A Special Needs Plan™ with the mission of reaching one million families with accurate and credible information, as well as offering advisory services to families across the country. All of our efforts are filtered through this purpose that we call our Million Family Mission.**

We are passionate about helping alleviate the anxiety surrounding special needs planning and to empower families. We do this so families are able to provide for their loved one with special needs, while at the same time provide for the whole family.



Learn more about us and Ryan.
www.ASpecialNeedsPlan.com

Helping You Take Action

1. **Personal relationship** with one of our highly trained special needs planning professionals. You can begin your relationship simply by calling or emailing us.

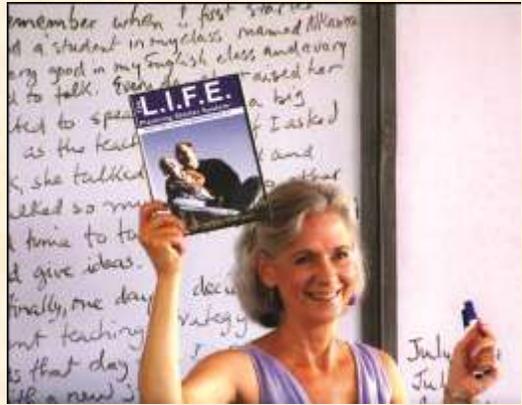
Email info@aspecialneedsplan.com

Phone 800-SN9-8610.

2. **L.I.F.E. Planning Starter System™:**

For many families, the task of securing your child's future can be complicated and overwhelming, not to mention expensive.

With that in mind, we have created the L.I.F.E Planning Starter System™, a DVD and workbook that educates and walks parents and caregivers through the steps necessary to secure the future in a simple, inexpensive



format. You can find a link for the L.I.F.E Planning Starter System™ at our website at www.ASpecialNeedsPlan.com.

3. www.SpecialNeedsKnowledge.org

A resource for families to learn all about special needs planning. (See page 18.)

4. **Unleash L.I.F.E.™ Special Needs Planning Newsletter:**

A quarterly newsletter that provides up-to-date changes in government policies, benefits, and events.

Subscribe at www.facebook.com/ASpecialNeedsPlan or on our website, www.ASpecialNeedsPlan.com.

5. **Follow us** on Twitter, Facebook, and YouTube.

6. **Have Ryan educate** at your national and state conferences, as well as local workshops and meetings.



SPECIAL NEEDS KNOWLEDGE

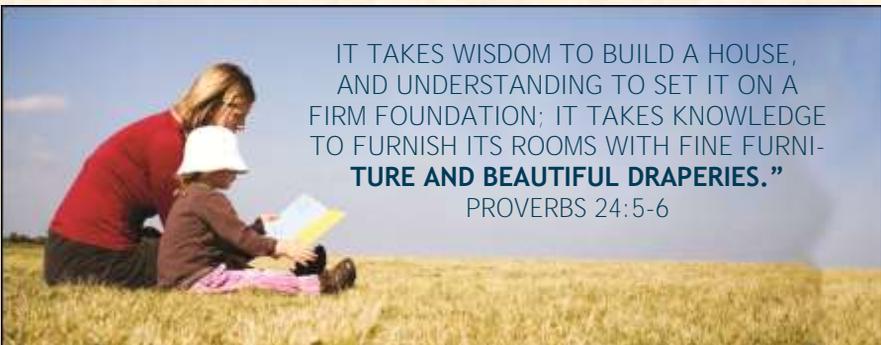
INSPIRE. EDUCATE. EMPOWER.

Special Needs Knowledge is an on-line destination designed to educate about specific special needs issues focused in finance, law, tax, government benefits, and more.

Our goal with this site is to empower you with accurate information so you can be confident in assembling a plan that secures the future of your loved one with special needs, as well as the future of your entire family.

We will educate you using written briefs and articles, short educational videos, and mini on-line seminars. All are accessible 24 hours per day, 7 days a week so you can learn on your time table.

www.SpecialNeedsKnowledge.org



Notes For Your Plan

“Careful planning puts you ahead in the long run; hurry and scurry puts you further behind.” Proverbs 21:5

Disclaimer: The information provided in this guidebook is general in nature. It is designed with the understanding that Ryan Platt and A Special Needs Plan, Inc. is not rendering any legal, accounting, financial or other professional advice. This information should not be used as a substitute for professional service in specific situations. If legal advice or other expert assistance is required, the service of a professional should be sought. By reading this information you agree not to hold Ryan Platt or A Special Needs Plan, Inc. liable for any decisions you make regarding your planning strategy.



A SPECIAL NEEDS PLAN™

We thank you for reading The Family Advocate. It is our sincere hope that it is a helpful tool for you and your family. All of us at A Special Needs Plan wish you, your family, and your loved one all the best! Please know we are here to help.

**MAY THE ROAD RISE TO MEET YOU,
MAY THE WIND BE ALWAYS AT YOUR BACK,
MAY THE SUN SHINE WARM UPON YOUR FACE,
THE RAINS FALL SOFT UPON YOUR FIELDS AND,
UNTIL WE MEET AGAIN,
MAY GOD HOLD YOU IN THE PALM OF HIS HAND**

