Tools For Charting Your Child’s Financial Life Map

The Arc of Massachusetts Transition Conference
November 16, 2019
Setting the Foundation

Arc Mass Transitions Conference
November 2019

Cynthia R. Haddad, CFP®
Affinia Financial Group
Partner and Wealth Advisor
Planning Resources

It’s all about striking a balance.

Government Resources  Personal Resources
The Special Needs Planning Timeline™
Planning for TWO Generations

Early Intervention
Birth

IEP
Age 3

Transition Planning
Age 14

Guardianship
SSI
Medicaid
College
Age 18

Residential Employment
ISP
Age 22

Retirement
SSDI
Parent’s Age 65

Estate Distribution
Parent’s Death

Child’s Death

Special Needs Planning Timeline

Traditional Planning Timeline

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The Five Factors of Special Needs Financial Planning™

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# A Framework for your Financial Planning

*Where do you begin?*

<table>
<thead>
<tr>
<th>Family Financial Position</th>
<th>Primary Source of Funds</th>
<th>Supplemental Source of Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Limited means</strong></td>
<td>Government</td>
<td></td>
</tr>
<tr>
<td><strong>Modest Wealth</strong></td>
<td>Government</td>
<td>Family</td>
</tr>
<tr>
<td><strong>Significant Wealth</strong></td>
<td>Family</td>
<td>Government</td>
</tr>
<tr>
<td><strong>High Net Worth</strong></td>
<td>Family</td>
<td></td>
</tr>
</tbody>
</table>
QUESTIONS? CONTACT US

The Special Needs Financial Planning Team at Affinia Financial Group

www.specialneedsplanning.com

L to R. Alexandria Nadworny, CFP®, Cynthia Haddad, CFP®, John Nadworny, CFP®

781-365-8586
Planning for the Future

Arc Mass Transitions Conference
November 2019

Kathy Vitello
PLAN of MA & RI
Director of Beneficiary Services
Choosing to Plan for the Future
PLAN of MA & RI

• Nonprofit serving individuals of all ages with disabilities in MA and RI

• Founded by parents of children with disabilities (MARC Trust)

• Services include administration of special needs trusts and social services provided by licensed social workers

• www.planofma-ri.org
Qualifying - and staying qualified - for Public Benefits

- A person may not have more than a small amount of money in their own name (as little as $2,000)
- By acquiring or inheriting money, they may lose benefits
- How to qualify and stay qualified while getting supplemental financial help
Important Financial Tools for People with Special Needs

Special Needs Trusts

ABLE (Achieving a Better Life Experience) Account
Important Financial Tools for People with Special Needs

**Special Needs Trusts**
- ✔ Planning
- ✔ Guided / administered by a trustee, individual or professional
- ✔ Flexibility in funding
- ✔ Currently no age restriction
- ✔ Medicaid payback may not apply
- ✔ Can pay for supplemental expenses and improve quality of life
- ✔ Professional trustee may be profit or nonprofit
- ✔ Nonprofit trustee may offer relevant social services

**ABLE (Achieving a Better Life Experience) Account**
- ✔ Savings
- ✔ Independent
- ✔ Funding limited to annual maximum contribution
- ✔ Currently allowed for those with disability before age 26
- ✔ Investment earnings are not taxable
- ✔ Medicaid payback
- ✔ Can pay for qualified disability expenses
- ✔ Provided by traditional financial services companies
## Leaving a Legacy

<table>
<thead>
<tr>
<th>First-Party Trust</th>
<th>Third-Party Trust</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Funded with One’s Own Money</strong></td>
<td><strong>Funded with Donor’s Money</strong></td>
</tr>
</tbody>
</table>

- ✔ Beneficiary names recipients of remaining funds after these expenses are paid:
  - Closing costs
  - Medicaid for the costs of medical care paid during the person’s life

- ✔ And:
  - A percentage to PLAN’s charitable fund to support people with disabilities

- ✔ When trust is created, Donors decide where remaining funds will go after their loved one dies

- ✔ Donors may choose to donate some of the remaining funds to PLAN’s charitable fund to support people with disabilities.
Choosing the Right Fit

<table>
<thead>
<tr>
<th>Individual SNT</th>
<th>Pooled SNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>✔️ A legal document drafted by an attorney for one client</td>
<td>✔️ A master legal document drafted by an attorney for use by many people</td>
</tr>
<tr>
<td>✔️ Trustee may be a personal or professional trustee</td>
<td>✔️ “Pooled” only for administrative and investment purposes</td>
</tr>
<tr>
<td></td>
<td>✔️ Nonprofit organization serves as professional trustee</td>
</tr>
</tbody>
</table>
Choosing the Right Fit

Individual Trustee

Nonprofit Trustee
Planning Can Help in These Situations

- Families caring for a loved one with a disability want resources and support for the person after they are not able to help or are gone
- Families caring for a loved one with a disability who do not want to burden siblings or other relatives with managing finances or a trust
- People whose disabilities impair their ability to manage money
- People who receive personal injury settlements due to disabling accidents or injuries
- People with disabilities who receive inheritances or gifts
Establishing a Special Needs Trust

- Donor selects a Trustee
- Donor establishes a trust for a Beneficiary
- Consistent with Donor’s intent, Beneficiary and PLAN Service Coordinator develop a spending plan considering funding, age, income, benefits, expenses, needs and wants
- Funds are invested with Webster Bank in appropriate portfolio
- Disbursements, ongoing review and support over time
- Future-funded trusts similar approach
Special Needs Trusts and Quality of Life

Trustee approves requests & distribute funds

- Sole Benefit
- Supplemental Needs

PLAN’s policy:

- Written request with itemized invoice or receipt
- Payments made directly to store or service provider
- Reimbursement can be made to authorized relative or friend
Choosing the Right Special Needs Trustee

- Is an individual or professional organization more appropriate?
- What services are needed now? What is anticipated later?
- What technical skills and knowledge are needed?
- Will the trustee be able to serve for a lifetime?
Questions?
Contact us (617) 244-5552
www.planofma-ri.org
ABLE Accounts

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November 2019

Mary Rubenis
MEFA, Massachusetts Educational Financing Authority
Attainable Outreach Manager
Attainable: The ABLE Savings Plan

Offered by MEFA and Managed by Fidelity Investments
What is the ABLE ACT?

The Stephen Beck, Jr. Achieving a Better Life Experience (ABLE) Act amended the federal tax code in 2014 to add Section 529A. This legislation established ABLE accounts, tax-exempt accounts for eligible individuals with disabilities to be used for qualified disability expenses while still keeping eligibility for federal public benefits.
ABLE is one of the most significant pieces of disability legislation since the Americans with Disabilities Act (ADA) was passed 25 years ago. 85% of the entire U.S. Congress supported the ABLE Act.
Benefits of an ABLE Account

- Fosters and supports the health, independence, and quality of life of individuals with disabilities
- Provides federal and state tax benefits
- Does not significantly affect eligibility for SSI, Medicaid, and other public benefits
- Savings up to $100,000 do not affect SSI. When account reaches $100,000, Supplemental Security Income (SSI) is suspended, but not terminated
Who is Eligible for an Attainable Account?

Individuals are eligible if the applicable disability occurred before the individual turned 26 years old and the individual:

- Is eligible to receive SSI or SSDI due to the disability

OR

- Meets Social Security’s definition and criteria regarding significant functional limitations

All account owners should have a letter of certification from a licensed physician.
Qualified Expenses for Attainable Accounts

- Health
- Housing
- Education
- Transportation
- Assistive Technology Support
- Employment Training & Support
- Personal Support Services
- Basic Living Needs
Attainable Account Features

- Total annual contribution can not exceed $15,000
- Maximum account balance can not exceed $400,000
- SSI is not suspended until account exceeds $100,000
- No minimum to open an account and no annual account fee
2019 Tax Updates

ABLE Financial Planning Act
Provided that the beneficiary is the same individual on both accounts (or one beneficiary is a family member of the other), it is now allowable to transfer funds from a 529 college savings plan into an ABLE account without incurring any tax or penalty.

ABLE To Work Act
The ABLE to Work legislation specifies that ABLE account beneficiaries who work and earn income may now contribute over the annual limit of $15,000 into their ABLE account.

ABLE on the FAFSA
You do not have to list the funds in an ABLE account on the FAFSA. The FAFSA specifically excludes ABLE accounts in the asset section.
2019 Tax Updates
Saver’s Tax Credit For Retirement Savings & ABLE Account Beneficiary

Must meet the following eligibility criteria:
• Age 18 or older
• Not a full-time student
• Not claimed as a dependent on another person’s return

The amount of the credit is 50%, 20%, or 10% of retirement plan, IRA, or ABLE account contributions depending on the taxpayer’s Adjusted Gross Income (as reported on Form 1040)

The maximum contribution amount that may qualify for the credit is $2,000 ($4,000 if married filing jointly), making the maximum credit $1,000 ($2,000 if married filing jointly)
Additional Resources

ABLE National Resource Center: ablenrc.org
MEFA: mefa.org
Attainable Savings Plan: fidelity.com/able

Visit mefa.org/able-registration-form to sign up for updates and information about Attainable
A Parent’s Perspective

Planning in Action

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Ann E. Guay
Pro Bono Attorney
Mass Advocates for Children
Brian’s Mom
https://www.youtube.com/watch?v=ARGtby9THCE
Case Examples
Q & A