



Living...Not Just Surviving

Tim Kolb, CEO & Executive Director  
1202 O Street, Franklin, NE 68939-1227  
Ph. (308) 425-3741/FAX (877) 276-4902  
E-mail: KFDE@frontiernet.net



Life Planning for  
Special Needs Children  
A Division of KFDE

Ofc. Ph. 402-489-8616/Cell # 402-525-8034

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## PLANNING FOR THE FINANCIAL FUTURE OF A SPECIAL NEEDS CHILD

All parents of a special needs child face the same dilemma when thinking about making provisions for their child after they are gone – whether deceased or disabled themselves. Most parents want to provide some kind of financial support for their child since most government benefit programs (such as SSI, Medicaid, Social Security, etc.) are insufficient for providing the quality of life most parents want for their special needs child. So they naturally think about leaving some funds to their child to offset the quality of life deficit that usually exists. Unfortunately this is where most parents discover a dilemma: any funds above \$2,000 left to a child will generally disqualify that child from receiving SSI and Medicaid benefits, the two primary benefits that support our special needs children. So what is a parent to do?

There is a perfectly legal way to leave substantial funds for special needs children while still maintaining eligibility for the various government benefits so critical to their welfare and quality of life. The now generally accepted way of doing this is to set up a legal device called a “special needs trust” (SNT) which will not only allow continued eligibility for government benefits but it also provides additional benefits such as added security for the funds, professional money management, and protection of the funds from creditors and lawsuits against the child. Once such a trust has been established the parent or anyone else (grandparents, siblings, aunts, uncles, etc.) can now leave funds to the trust which will then make payments for the benefit of the special needs child. The person or company who manages the trust funds (known as the trustee) must have complete “discretion” to make payment decisions on behalf of the child.

So then, should all parents simply establish a SNT for their child which will then take care of everything? Some might think that it can’t be that simple (what is these days?) and if so, you would be right. There are actually 10 total steps that parents should take, including establishing the SNT. These 10 steps address the common planning issues and goals that most parents have for their special needs child, as enumerated below.

### **COMMON PLANNING ISSUES AND GOALS FOR A SPECIAL NEEDS CHILD**

- a) To provide for lifetime supervision and care since someone else will need to step into the role that most parents fill during their lifetime.
- b) To maintain all government benefits that provide for basic living expenses (such as SSI) and coverage for medical care (generally Medicaid).
- c) To guarantee that “supplemental” funds are available for the special needs child so that a meaningful quality of life is maintained.
- d) To provide for a long-term strategy to safely invest and manage whatever funds are left to the SNT for the life of our special needs child.
- e) And finally, to avoid family conflicts which can arise when other children and second families are often involved in the family dynamics.

### **WHAT DO I DO NEXT?**

For those parents who simply want to get an idea of where they stand regarding their existing plans please take the time to review and complete our “**LIFE PLANNING CHECKLIST**”, and then complete our “**Part I**” questionnaire to get more specific ideas about what exactly you need to do to assure that your special needs child will be able to live a quality life after you are gone.

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