

An Overview of Special Needs Trusts

According to the U.S. Census Bureau, nearly one in five Americans are living with a disability and about one-half of these individuals are living with a severe disability.¹ For some individuals, the disability may be caused by a sudden, life-altering accident. For others, the condition may arise at birth or result from a chronic illness. Whatever the origin, severe disabilities almost always create a significant financial burden due to curtailed earning power and ongoing expenses.

Making the most of limited resources

If a disability results from an accident, any court award or out-of-court settlement must be allocated and managed carefully so that the person living with a disability can use the funds over the course of their lifetime. If family wealth or a life insurance policy will be used to fund the ongoing care of a person living with a disability, these resources must also be handled carefully to help achieve the donor's intent.

What is a Special Needs Trust?

A Special Needs Trust (SNT) is a legal document drafted by an attorney, used to set aside money or property for the benefit of an individual living with a disability. This person is referred to as the beneficiary of the trust.

Under Federal law and regulations, a SNT can preserve the beneficiary's eligibility for public benefits programs such as SSI and Medicaid. To maintain eligibility for means-tested public benefits, or benefits a person can lose if they have too much income or too many resources, the settlement proceeds, or assets left to a beneficiary by family members, should be placed in a SNT. If an individual owns funds outside of a SNT, the beneficiary will be disqualified from receiving means-tested public benefits.

Benefits of a SNT

A SNT helps you or a loved one meet current needs and plan for the future in three primary ways:

- **Meet cash-flow needs now and in the future.** Assets in a SNT are managed by a trustee, or by professional investment advisors, whom the trustee selects. Investment decisions should take into account the beneficiary's unique needs and be flexible enough to accommodate changes in their situation.
- **Preserve eligibility for means-tested state and federal benefits.** People living with disabilities may become ineligible for state

and federal benefits if their income and resources (such as savings or checking accounts) exceed certain thresholds. The general purpose of the SSI and Medicaid programs is to cover the beneficiary's basic needs including food, shelter, and medical care.²

- **Enhance quality of life.** A Special Needs Trust can provide financial support for a wide range of quality-of-life activities and services not covered by public benefits programs. Appropriate purchases may include an accessible vehicle, customized wheelchair, computer, gym membership, therapy animals, music or art therapy sessions, or supplemental caregiving services. The goal is to increase the beneficiary's ability to enjoy life and participate in the community around them.

Our Mission

Wells Fargo Bank Special Needs Trust Services has extensive experience working with and addressing the needs of persons living with disabilities. These may include:

- Traumatic brain injury
- Spinal cord injury
- Multiple Sclerosis
- Cerebral Palsy
- Down Syndrome
- Autism and Autism Spectrum Disorder

Our services

Custom services for SNT beneficiaries include:

- Review of your needs, resources, and goals to help develop a budget and investment objectives
- Assist with referrals to a case manager, caregiver, tax preparer, attorney, or benefits advocate
- Investigate recreational, social, and educational opportunities
- Assist with location and purchase of an accessible vehicle.
- Receive bills and process payments to service providers.

¹ U.S. Census Bureau News Release CB12-134 dated 06/25/12.

² Some Special Needs Trusts may allow distributions for the payment of food and shelter expenses, but these distributions typically reduce SSI payments.

- Pay personal income and quarterly taxes, at the direction of your tax preparer.
- Prepare court accountings, when required.
- Manage the purchase or sale of real property and arrange for evaluation of property for accessibility.

Wells Fargo Bank is one of the first and one of the largest national providers of Special Needs Trust administration. Depending on your needs, your relationship manager may engage other experienced professionals such as an investment strategist or real estate asset manager.

Connect with Wells Fargo Bank to learn more about the resources and professional guidance available to you or a loved one.

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