

## SPECIAL NEEDS TRUSTS

### Just what kind of expense can be paid from the Trust?

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When discussing Special Needs Trusts, a frequently asked question is what can the trust assets pay for and how are payments made? Special Needs Trusts can pay for a lot of different things, including clothing, entertainment, vacations, summer camps, educational opportunities including tuition, books and tutoring, paid care givers, respite services, and tickets to recreational events. Payments for medical care and equipment not covered by Medicaid including **dental services**, therapy, medical equipment, private nursing home room, etc. are allowed. **Dental care is not covered by Medicaid.** The need for dental care is one of the most frequent and costly problems older adults with disabilities experience.

Although a Special Needs Trust (SNT) can be used for a wide range of expenditures, it is critical that the trustee be aware of the regulations which dictate distributions. There are several important rules for distributions from an SNT: 1) payments made directly to the beneficiary whether by check or cash **will reduce or possibly eliminate** the person's SSI and Medicaid eligibility for that month, 2) payments made to third parties for items that are food and shelter, **may reduce** the person's SSI benefits by a percentage established by SSI rules, 3) payments made to a third party for items **that are not** food or shelter **will not reduce** the SSI benefit or effect Medicaid eligibility. For example if a beneficiary requested that the trust purchase new glasses for them the check would be written directly to the vendor not to the individual.

**The following is a list of appropriate expenditures for a third party funded special needs trust (ARCare Trust I) or a disability payback trust (ARCare Trust II). This list is not all-inclusive but is a good representation of the most common distributions. All distributions are at the sole and absolute discretion of the trustee.**

- Supplemental or incidental medical or dental expenses in excess of those provided to Beneficiary through government assistance programs;
- Purchase, upkeep and maintenance on home;
- Cell phone bills, land phone, cable TV, internet access;
- Training or education in excess of those provided to Beneficiary through government assistance programs;
- Social services, including personal visits and monitoring of placement, programs and activities, in excess of those provided to Beneficiary through government assistance programs;
- Clothing and other personal items;
- Furniture, computer equipment, stereos, TV's;
- Recreation, entertainment, family visits, vacations and travel;
- Aides or companions and assistance for independent living in excess of that provided to Beneficiary through public assistance;
- Auto, home owner's and renter's insurance;
- Deposits and moving expenses;
- Automobile and repairs;
- Funeral expense.

For more information on Special Needs Trusts, please contact Barb Helm at:  
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