Multigenerational Planning For Special Needs Children
“I’m afraid to die”
Who will take care of my child financially? Legally?

Where will he live?

Who will pay for her therapy?

How can I be sure the money will last?
We must think differently. We must plan in a multigenerational way.
• Stanford B.S. (good to be home!)
• Loyola Law School, Order of the Coif
• Former Management Consultant to Fortune 500 Companies
• Featured on KRON4 and KTVU
• Award Winning Writer
• Board Member:
  • Pacific Autism Center for Education
  • Bay Area Housing Corporation
• Weekly Radio Segment on 1310AM
Gilfix & La Poll:

- National Leader
- Family Legacy; Over 30 years in Palo Alto
- Special Needs Planning Pioneers
- Served thousands in the community
Multigenerational Planning

- Overview
- The ABLE Act
- Govt Benefits
- How to Fund an SNT
- What is the number?
- Integrated, Multigen Planning
- The 3 critical steps you must now take

How to create a lifelong “safety net”
“A Diagnosis Changes Everything”
Consider: ONE CHILD IN 59 IS ON THE AUTISM SPECTRUM
ABLE ACT of 2014
(Achieving a Better Life Experience)

- Contributions of $15,000 per year
- Up to $100,000 in ABLE account without disturbing eligibility
- Tax benefits
- Assets can be used for most supportive purposes
- **Does not take the place of a Special Needs Trust**
Public Benefits Primer

- SSDI: Social Security Disability Insurance
- SSI: Supplemental Security Income
- Medicare
- Medicaid
- Other: IHSS, Section 8 (Housing)
“Disability” to Qualify for Public Benefits

- Inability to Maintain Substantial Gainful Employment
- Physical or Mental Disability
  - Including drug addiction or alcoholism
“Disability” to Qualify for Public Benefits

• Not “incompetency” or “incapacity”

• $2,000 or less in countable assets
Can an SSI Recipient Work?  
YES!

[Image of a person working at a coffee shop]

[Text: "EXTRAS
1 lb. bag of beans $14.30
box of coffee $17.30
t-shirt $13.00
hat $20.00
mug $3.00
travel mug $10.00
 Fraser $5.00"]

[Website: www.Gilfix.com]
Affordable Care Act

- Are there enough doctors?
- Will mandates exceed capacity?
A Special Needs Trust is designed to hold assets for the benefit of a disabled person without disturbing eligibility for public benefits.

To be effective, it must be an irrevocable trust.
HAVE YOUR CAKE AND EAT IT TOO
DON’T leave the estate to the “healthy child” and tell her to take care of her disabled brother.
“Third Party” – Typical SNT

- Parent for Child
  - Typically funded at Parent’s Death
- Can Fund while Parent is Living
- $11,400,000 Lifetime Gifting
- Grandparent, Aunt, Uncle For Child
- Coordinate Across Generations
“First Party”
Special Needs Trust

• Must be “disabled”
• Must be under 65
• Trust must include “payback” provision
• Person with disability can create

“d(4)(A) Trust”
“It’s Not Just For Kids”

3rd Party SNT Beneficiaries may be:

- Parents
- Siblings
- Grandchildren
- Godchildren
What if the beneficiary is able to work?

- Can an SNT terminate early?
- Can an SNT simply continue?
What Can The SNT Provide?

- Entertainment
- Education
- Counseling
- Therapy
- Companionship
- Adaptive aids
- Medical care
- Furniture
- Travel

- Non-essential utilities (cable, telephone, newspaper)
- Automobile and operating costs (gas credit card?)
- Clothing
- Food and shelter (with possible reduction in SSI benefits)
- Residence
“Britney Spears Tickets Are OK!”

Minnesota Court of Appeals,
Unpublished Opinion,

www.gilfix.com
The Fear of Homelessness
A Special Needs Trust Can Pay for or Own Safe Housing
How Much Is Enough?
Funding Your Special Needs Trust

Being Certain of the Safety Net.
Is $1 million enough?
How can I guarantee this will be there for my child if I don’t have a large estate?
Funding Your Special Needs Trust With Life Insurance

Being Certain of the Safety Net.

California Insurance No. 0E68208

www.Gilfix.com
Fund Special Needs Trust with One Million Dollars of Life Insurance
(Joint life; H-48; W-45)

Lifetime Annual  $4,294

Single Payment  $60,348

California Insurance No.
0E68208

www.Gilfix.com
Funding Your Special Needs Trust with Retirement Accounts
Leaving Your IRA to a Special Needs Trust

- “Required minimum distributions” over child’s life expectancy.
- Therefore, income taxes “stretched” over beneficiary’s life.
Leaving Other Assets

• Investments – stocks, bonds
  • Step up in basis is hugely beneficial
• Property – residential or even commercial
• Must rethink investment and retirement planning – beyond your own life
Your Team of Investment Advisors

• You MUST
  • Work with a financial advisor who understands your complete picture
  • Think beyond your own retirement – must think about leaving significant assets for the next generation
• Ideally – only access interest and dividends, not principal
Your Team of Investment Advisors

• Your financial advisor:
  • Should be a fiduciary – no double fees
  • Should have experience with special needs planning
  • Should work with your attorney/estate planner to coordinate

• Set annual meetings with attorney and financial advisors – ideally they work together

• *Do not simply put your money in the bank – need to track inflation
Coordinate With Grandparents, Aunts, Uncles

• Talk to your family – parents and siblings
• How can everyone work together to contribute to the safety net?
• Example:
  • Grandmother and Grandfather purchase life insurance policy for mom and dad to ensure funding of SNT
  • $50k can turn into guaranteed $1 million (!)
How much?

- $2.5 million?
Think “Retirement”

- 4% per year is typically low risk and sustainable
- Example:
  - $1mm x 4% = $40k per year, indefinitely*
  - *If properly invested
- Very specific to your child
- Portfolio risk must take this into account
Every Child is Different, With Different Needs
Letters of Guidance

“What caregivers need to know about your child to effectively care for him.”
Assets Remaining in Special Needs Trust at Beneficiary’s Death

1. To State – *if 1st Party SNT*
2. To Family Members
3. To Favored Non-Profit
Critical Planning Documents

An *SNT is just one piece of the plan*

3 Documents That **You Need:**

- Revocable Living Trust
- Comprehensive Durable Power of Attorney*
- Advance Health Care Directive

*VERY important – need to work with specialist
Your Issue: Long Term Care

70% of Americans over the age of 65 will need some form of long term care – can decimate your estate, leaving nothing

Plan Ahead – A different type of multigenerational planning

- Long Term Care Insurance
- Medicare WILL NOT pay for long term care
- Medi-Cal can pay for LTC in nursing home
Medi-Cal Planning

Strict eligibility requirements, but you can protect assets, especially for special needs child

- $2,000 limit – but exemptions
  - Your home, IRAs
- You can transfer assets to the next generation, or to special needs trust
- You MUST have a comprehensive Durable Power of Attorney document
Multigenerational Planning: Long Term Care

• See my article in your packet
• Another area where communicating and planning with the next generation is CRITICAL
Documents a Child with a Disability Must Sign

- Durable Power of Attorney
- Advanced Health Care Directive
- Nomination of Conservator
- Will
Multi-Gen Special Needs Planning is the Key

• Create the SNT Now
• Update/Integrate into your Estate and Financial Plan
• We would be privileged to help your family

“Create the Life-Long Safety Net.”

www.gilfix.com
This is an opportunity.

Do not lose it!
Take control and provide for a vibrant future!