

HARBOR INVESTMENT ADVISORY

Special Needs Planning – Caring for all of your Family Members

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Harbor Investment Advisory, LLC, member FINRA, SIPC

Overview – Topics Covered

Overlay of Traditional Financial Planning with Special Needs Planning

- One Nest Egg Many Goals – Are you on track to achieve your goals?
- Special Needs Trust – Saving for the Individual with Disabilities
- Higher Education for Siblings
- Parents Retirement

Special Needs Planning

- Letter of Intent
- Preserving Government Benefits
- Saving vehicles for your family member with Disabilities

Family Dynamics

- Balancing & Communicating

Getting Started – your homework

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The Red Zone

What is your score? Each Item is worth 0, 1 or 2 points

Scoring: 0 points 1 point 2 points

Assets in Childs Name Haven't Started No Wills or have not been updated Haven't started Not Yet	Government Benefit Eligibility - NA or Application in Process Family Financial Plan - In Process or needs updating Legal/Estate Planning - In process Letter of Intent - In Process Communicate Plan In Process	Receiving Benefits Completed and Up to date Completed Beneficiary Review, Wills and SNT Completed Completed
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0 3 5 7 10

What is your Score? _____

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Special Needs Planning 4 Step Process

Expert, caring guidance to help with complex tasks
 Let's get it done. Time matters.

STEP ONE: Defining Goals and Aspirations of the Family

Who Are You ?

- Child with Disabilities
- Siblings
- Mom/Dad/Caretaker

What Are Your Goals?

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STEP TWO: Assembling Family Financial Plan

- Inventory of Assets and Liabilities
- Monthly Savings
- Financial Goals
- Risks
- Stress Test

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Are you on target to achieve your goals?

Current Scenario **Recommended Scenario**

43% 82%

Retirement

Current Scenario	Recommended	Change in Value
Start: 01/1/2015	01/1/2015	4.00% Gain
Stop: 01/1/2025	01/1/2025	2.00% Loss

Goals

Current Scenario	Recommended	Change in Value
Total Spending for Life of Plan: \$	\$0/Year	\$0/Year
Investment Return	5.00%	5.00%

Savings

Current Scenario	Recommended	Change in Value
Monthly Saving (\$/Month)	\$0/Month	\$0/Month
Investment Return	5.00%	5.00%

Portfolios

Current Scenario	Recommended	Change in Value
Allocation: 50% Domestic	50%	0.00%
Allocation: 50% International	50%	0.00%

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- Review Goals with Current Savings
- Discuss Risk Tolerance and Current Allocation
- Suggest Changes to help get your family on track
- Ongoing Monitoring
- Amend your plan as your goals change

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Special Needs Life Plan for Loved One

The Special Needs Letter of Intent

- ❖ Resource for the care of your loved one
- ❖ Update Annually
- ❖ Communicate with those involved as the successor primary caregivers.

Government Benefits

- ❖ Supplemental Security Income (SSI)
- ❖ Insurance – Medicaid, Private Health Insurance, Affordable Care Act
- ❖ Housing, Transportation, etc

Legal Issues

- ❖ Special Needs Trust/Appropriate Savings Vehicle
- ❖ Medical Power of Attorney/Guardianship or SDM
- ❖ Representative Payee
- ❖ Updating Wills

Family Dynamics

- ❖ Role of Siblings and Family
- ❖ One Nest Egg – many goals, retirement, education, etc
- ❖ Developing and communicating plan with future caregivers
- ❖ Reviewing and updating plan

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STEP THREE: Designing Special Needs Life Plan

The Special Needs Letter of Intent

- Who is your Child – the Key resource to care for your child when you are unable to be the central caregiver
- Key people – Important Contacts
- Healthcare – Allergies, Medicine, and Doctors
- Social Needs
- Circle of Trust
- Communicate and Revise annually

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STEP FOUR: Implementing and Communicating the Plan

Coordination & Completion of Plan

Special Needs

- Current Status for Public Benefits
- Special Needs Trust Documents
- Guardianship/ Power of Attorney

Estate Planning

- Will Trusts/Trustee Selection
- Beneficiary Review
- Power of Attorney
- Healthcare Directives

Establishing the Circle of Friends/Mini Board → Communicate the Plan

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Preserving Government Benefits - Do No Evil

Government Benefits

- ❖ No More than \$2,000.00 in your child's name for means tested benefits (primarily SSI and Medicaid)
- ❖ Supplemental Security Income (SSI)
 - ❖ Social Security Survival Benefits
 - ❖ Impact of Employment
- ❖ Insurance – Medicaid, Private Health Insurance, Affordable Care Act
- ❖ Housing, Transportation, etc

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Special Needs Life Plan for Loved One

Saving for your Child without jeopardizing Government Benefits

- ❖ ABLÉ Accounts
 - Accounts in excess of \$100,000 may reduce SSI benefits
- ❖ Pooled Trusts
 - First Maryland Disability Trust
- ❖ Special (Supplemental) Needs Trust
 - Trusts can be created during lifetime or at death (within parents' wills)
 - Self Settled** - self funded
 - Third Party** - parents/grandparents establish trust so that they and others may fund the trust during their lifetime and/or with their wills

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Comparison and Contrast of Savings Vehicles

	ABLE Account	Special Needs Trusts (Pooled Trusts, Self Settled and Third Party)
Age Restriction	YES - disability onset prior to age 26	NO - disability may occur at any age
Payback Provision*	YES	NO - Third Party Trusts YES - Self Settled Trusts
Funding Cap	YES - \$15,000/year	NO
Taxable	NO - account asset growth is tax free and money can be withdrawn tax free (for eligible expenses)	YES - taxable and would likely require filing a tax return
Asset Limits	YES - account value in excess of \$100,000 could reduce or suspend SSI benefits	NO
Investment Limitations	YES - investment options limited to the funds in the approved plan	NO - investments may be tailored to individual goals and risk tolerances YES - pooled trusts options are limited
Require Trustee	NO	YES
Expenses Limited	YES - limited to Qualified Disability Expenses	NO - may be used to cover a variety of expenses that are not already being met by government benefits

* Payback provision means that upon the passing of the individual, the individual's resident state would have first claim on any residual funds to repay Medicaid related costs incurred during the individual's life.

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Key Considerations for Special Needs Trusts

Choosing the Trustee

- ❖ Role of the Trustee
 - Utilizing the Trust to work in conjunction with Government Benefits (distributing income for qualified purposes)
 - Investment Management of Trust Assets
 - Preparation and filing Tax Returns
 - Record Keeping
 - Fiduciary Liability
- ❖ Family/Friends
- ❖ Professional

Funding the Trust

- ❖ Insurance – review old insurance policies.
 - Hybrid life insurance/long term care policies
- ❖ Inheritance
- ❖ Securities and Cash



Other Legal Issues

Updating Wills

- ❖ Updated wills ensures passage of assets to correct people/trusts
- ❖ Update Advanced Medical Directives
- ❖ Can be updated/created when a Special Needs Trust is created
- ❖ Beneficiary Review, follow up

Guardianship/Power of Attorney/Supported Decision Making

- ❖ Medical Power of Attorney
- ❖ Financial Power of Attorney
- ❖ Guardianship (in many cases it's the last, not the first option)
- ❖ Supported Decision Making – allowing the individual to help make his/her own decisions with assistance



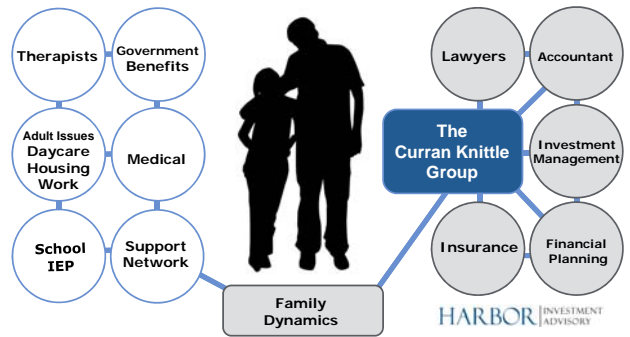
Special Needs Life Plan for Loved One

Family Dynamics

- ❖ Develop plan and communicate with siblings and family – don't assume
- ❖ One Nest Egg – many goals, retirement, education, etc – communicate plans help to alleviate any misgivings over potential inheritance
- ❖ Once you have updated your plans, communicate with any potential family or friends that might be inclined to contribute to the trust
- ❖ Develop and communicate plan with future caregivers
 - An annual meeting with the involved parties to review roles
 - Review and update plan annually



Organizing & Orchestrating Partnerships



First Step in Getting Started- Your Homework

Beneficiary Review – make sure your Child is not a beneficiary

- ❖ Life Insurance
- ❖ Retirement Plan
 - IRA
 - 401K / 403B / TSP
- ❖ Annuity
- ❖ Pension
- ❖ In the Will of Friends & Family

Once your plan is updated, review your beneficiary information to include the Special Needs Trust or other designated vehicle



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