

## Helpful Hints - Estate Planning: Special Needs Trusts and ABLE accounts

When a person receiving Social Security or Medicaid benefits accumulates more than \$2000 in an account, they are no longer eligible for benefits and services. The use of Trusts funds and ABLE accounts protects these essential services while allowing a person to achieve financial security.

### Special Needs Trusts

- Are legal agreements and must be set up by an attorney, one who specifically knows about Special Needs Trusts.
- While the person, referred to as the beneficiary, is living, the funds in the trust are used for his/her benefit.
- When the individual passes away, any funds remaining in the trust are used to reimburse the government for the cost of medical care.
- There are rules and limitations around what trust funds can or cannot be used to pay for. A person's special circumstances may change what the trust can pay for. These changes are typically due to Social Security and Medicaid regulations.
- Funds taken out of a trust must be pre-approved.

#### Examples of what a trust can or cannot be used to pay for; typically.

Often permitted	Not typically permitted
<ul style="list-style-type: none"><li>• Entertainment, Vacations, subscriptions</li><li>• Home repair, insurance, furniture</li><li>• Phone or computer</li><li>• Vehicle purchase, maintenance, insurance, gas, or bus passes</li><li>• Education expenses</li><li>• Attorney costs</li><li>• Personal or medical needs not provided by other insurance benefits.</li></ul>	<ul style="list-style-type: none"><li>• Cash withdrawal</li><li>• Mortgage/rent payments</li><li>• Utility bills</li><li>• Groceries or dining out at restaurants</li><li>• Gifts or items that benefit someone other than the beneficiary.</li><li>• Services or medical needs that the person is entitled to through other benefits.</li></ul>

For more info on the rules that govern trust accounts, fee schedules, or to find a trust company, check out the Colorado Department of Regulatory Agencies website:

<https://banking.colorado.gov/industry/trust-companies>