



WHAT IS A SPECIAL NEEDS TRUST?

- A Special Needs Trust (SNT) is a legal entity that can be used to set aside money or property for the benefit of an individual living with a disability.
- Currently, an individual can only have \$2,000 of assets or resources to qualify for Social Security Income (SSI) or Medicaid (Title XIX).
- The key advantage to a SNT is that it can protect the trust beneficiary's eligibility for government sponsored assistance programs.
- Assets placed into a SNT for the benefit of a person with disabilities can be used to enhance the quality of life for a trust beneficiary.
- A recent U.S. Census Bureau report showed about 56.7 million Americans have some kind of disability.
- Providing for the special needs of disabled persons is challenging, both in terms of personal and financial care.



A division of Waukesha State Bank.

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SPECIAL NEEDS TRUSTS

Protecting government benefits and enhancing the quality of life!

Third party Trust

Funded with assets that never belonged to the beneficiary.

- Inheritance or gift from mom, dad, a relative or friend
- Life Insurance - Name the trust as beneficiary

Upon death of beneficiary, any funds remaining will be paid to the remainder beneficiaries named in trust instrument.

in-kind support and maintenance items.

- Food, mortgage, property taxes, rent and household utilities
- 1/3 reduction in Social Security Income (SSI)

Allowable distributions (not all inclusive).

- House, including household furnishings and furniture
- TV, computers, electronics, phone, cable and internet services
- Clothing
- Transportation
- Travel and entertainment
- Medical equipment, medications, therapy and Care Management
- Pre-need funeral arrangements

Cash to beneficiary - limited.

- \$20 disregarded for SSI but not for Social Security Disability (SSD)
- Dollar for dollar reduction in SSI
- Could disqualify beneficiary from receiving SSI and Medicaid

Self-Settled Trust (First party Trust)

Funded entirely with assets that belong to the individual with a disability.

- Personal injury settlement
- SSI back payment
- Outright inheritance from mom, dad, a relative or friend

Upon death of beneficiary, any funds remaining need to be paid back to the State Medicaid program first.

Community pooled Trusts

Medicaid and SSI law permit “(d)(4)(c)” or “pooled trusts” for beneficiaries with special needs. Such trusts pool the resources of many beneficiaries; investments are managed by a non-profit association that typically hires a trustee to administer.

Unlike individual disability trusts, which may be created only for those under age 65, some pooled trusts may allow for beneficiaries of any age and may be created by the beneficiary herself.

At beneficiary's death, the state does not have to be repaid for its Medicaid expenses. Instead, funds are generally kept in a retained fund for the benefit of other disabled beneficiaries.

PRAIRIE FINANCIAL GROUP SERVING AS TRUSTEE OF SPECIAL NEEDS TRUSTS

With a track record of more than four decades, Prairie Financial Group has the experience and expertise to administer different types of Special Needs Trusts (SNTs).

Community Trusts: Pooled & Third-Party Trusts

Prairie Financial Group handles fiduciary administration for the following community trusts in Wisconsin.

Life Navigators, Inc.

- Founded in 1949 by a group of parents who sought to provide opportunities and services for their children with intellectual and developmental disabilities.
- Based in Wauwatosa, WI.
- Created trust document.
- Trust I – Community Trust – Trust funded by third parties.
- Trust II – Pooled Trust – Trust funded with assets owned by the beneficiary.
 - Pooled for investment and management purposes.

Association for the Rights of Citizens with Handicaps (ARCh)

- Physical and developmentally disabled.
- Third Party Trust only – Funded with assets not owned by beneficiary.

Stand-Alone SNTs: First and Third Party Trusts

Attorney drafts document naming Prairie Financial Group as trustee.

- Choice and flexibility of administration.
- Prairie can handle all aspects of administration and management of SNT.
- Prairie can also work with an outside investment advisor and directing and delegating parties.

For more information, call us at (262) 522-7400
or visit www.prairiewealth.com



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