



Special-Needs Planning Moves Forward

A higher quality
of life...for life

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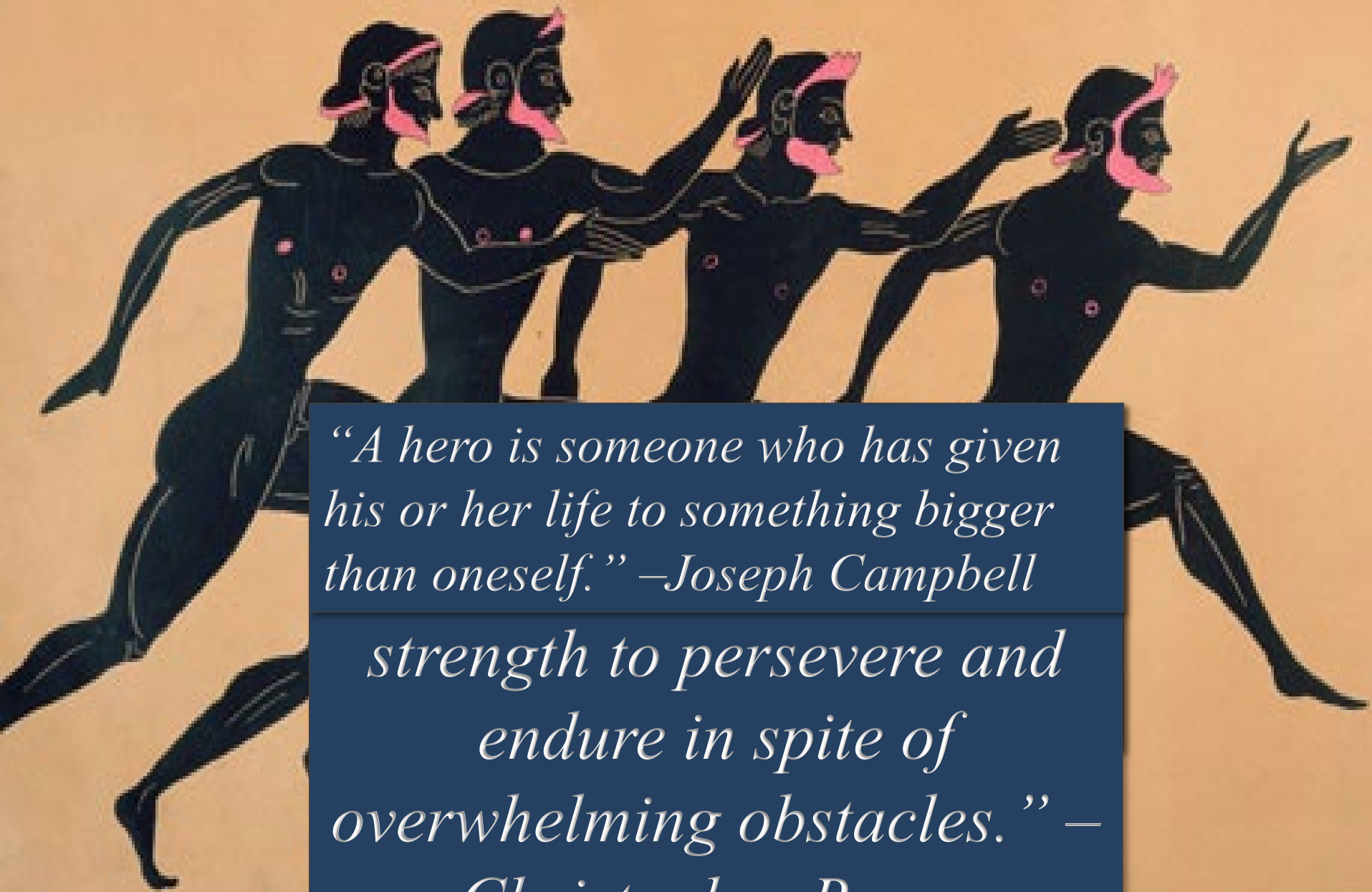
ABLE Act accounts, trusts and a case study

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“A hero is someone who has given his or her life to something bigger than oneself.” –Joseph Campbell

strength to persevere and endure in spite of overwhelming obstacles.” – Christopher Reeve

Everyday Heroes



Family



Self-Advocates



Professionals



Community

Moms
Dads
Grandparents
Siblings
Caregivers

Down syndrome
Autism
Fragile X
Brain injury
ID/D

Financial Planners
Lawyers
Accountants
Trustees

Nonprofits
Spiritual community



★ SPECIAL HUGS ★





Planning Considerations



A Case Study



Aging Parent

Professional Heroes



Lawyer



Financial Planner



CPA



Trustee



Aging Parent

Case Facts

77 year-old mom - widow
Two sons with Fragile X

Sons live at home
Steve – age 53
Teddy – age 50

Steve works and earns more
than \$20,000 per year

Teddy no longer able to work

Mother lives on pension
income and Social Security
Meets all her needs

Desired Outcomes



Desired Outcomes



For herself

- Remain at home
- Split assets to benefit sons
- Her own day-to-day needs
- Pay for her long-term health needs

Issues she did not know she had

- Understand potential benefits
- Clarify who owns what

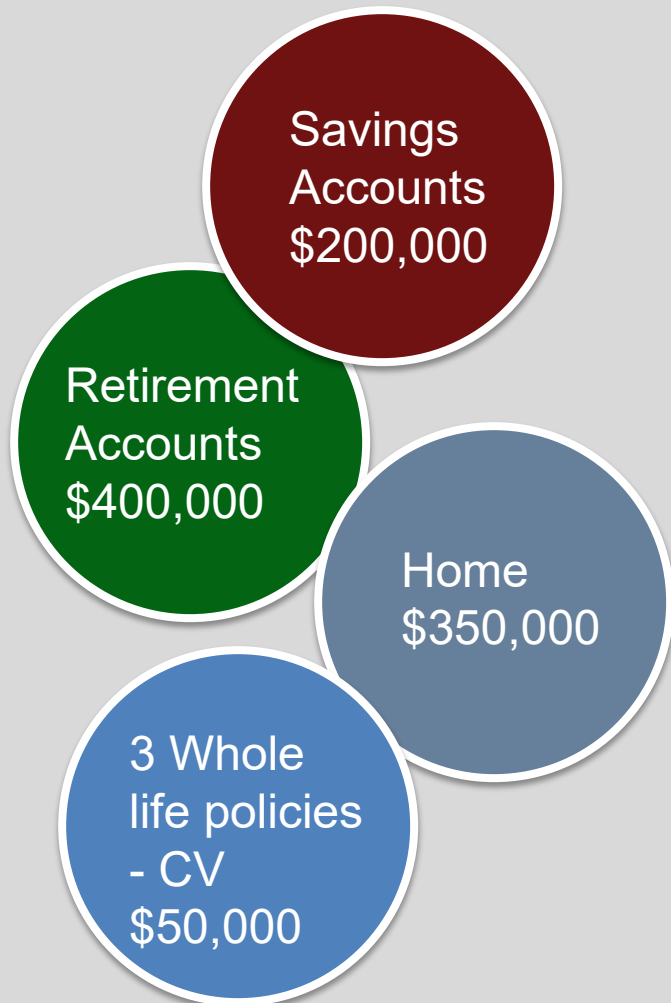
For sons

- Continue to live at home
- Steve continues employment
- More opportunities for Teddy
- Qualify for benefits
- Find a supporting nonprofit
- Care for their health
- Transportation for sons
- Plan for Mom's demise

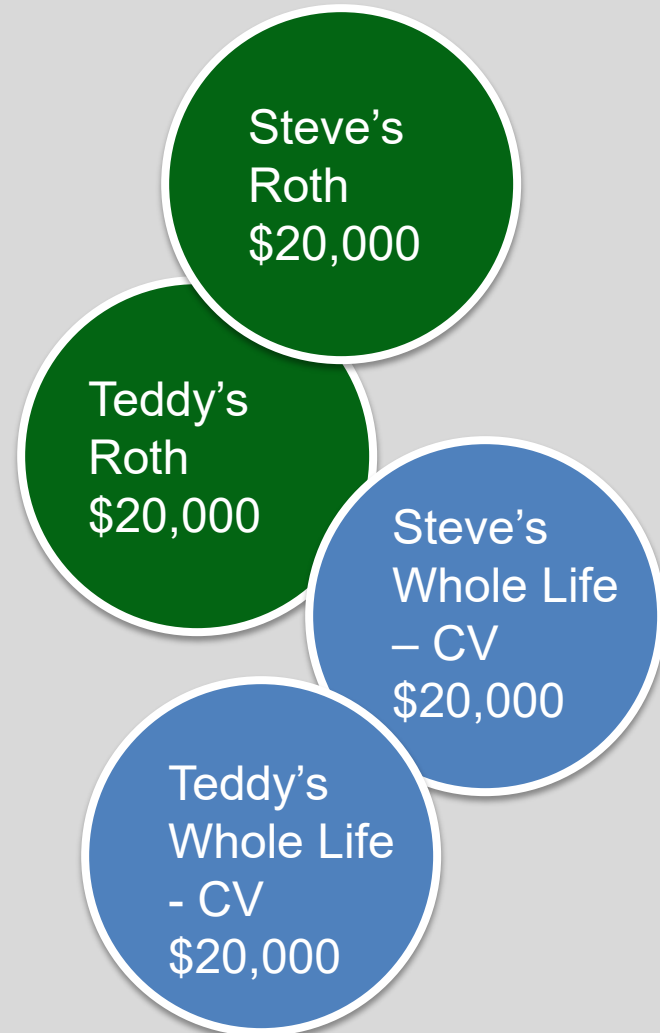
Assets



Mother's



Adult Children's



Planning Challenges



For herself

- Life insurance beneficiaries
- Home asset title
- Retirement account beneficiaries
- Joint ownership of some savings accounts
- Estate documents
- Created Medicaid planning provisions and trust. Unclear as to which steps were taken
- Trustee more power than she realized

For sons

- Roth IRA ownership conflicts with goal to gain benefits
- Life insurance ownership and beneficiaries
- Partial ownership of accounts with Mom
- Need for supports to live independently after Mom is deceased

Solutions



Financial
Planner

- “Box relief” plan
- Clarify current and future goals
- Organize documents and provide clarity – who owns what and who gets what – build balance sheet
- Review income and spending needs
- Life insurance recommendations
- Realign portfolios to meet goals. Second generation planning and investing
- Roth accounts. Close? Spend, conservatorships, trusts or ABLE Act accounts?

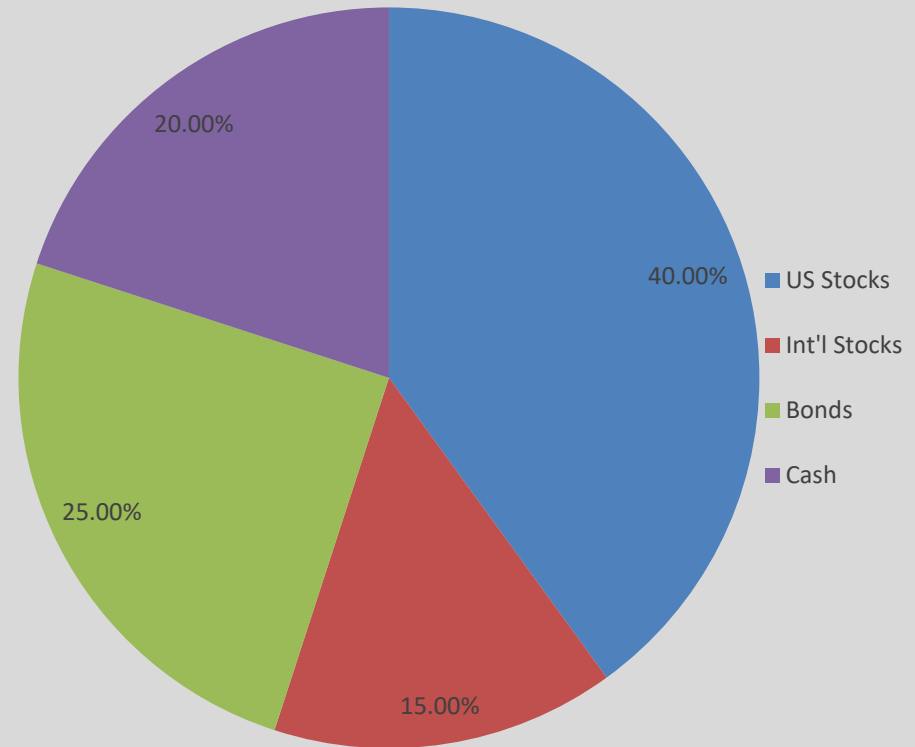
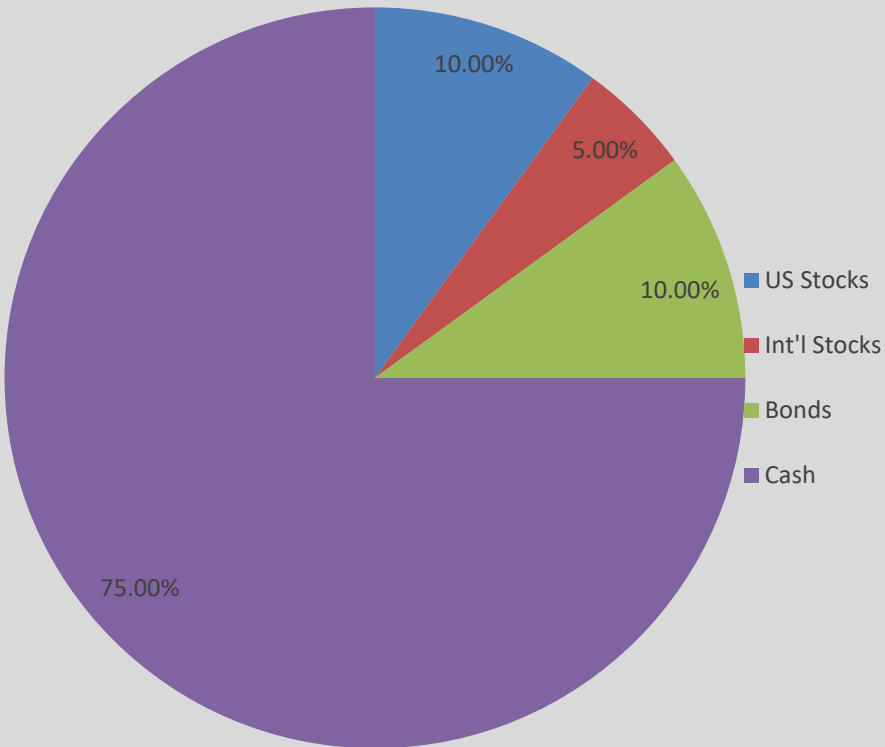
Solutions



Asset allocation adjustments

Spending order

Assets preferred for trust funding



Solutions



Lawyer

- Review and recommend beneficiary designations
- Update will and trusts
- Review joint ownership issues
- Address Medicaid planning issues for Mom that are in current trust
- Guardian and trustee updates
- Medical POA, living will, etc.
- Trust or conservatorship for sons

Solutions



CPA

- Tax planning for gain in life insurance – if any
- Advise on tax or penalty consequences of funds moved from Roth or traditional retirement accounts
- Help clarify income tax planning for Mom
- Trust tax accounting if funded
- Transfer issues if joint assets moved from one family member to another – joint savings accounts
- Assist in creating spending plan for assets by account type

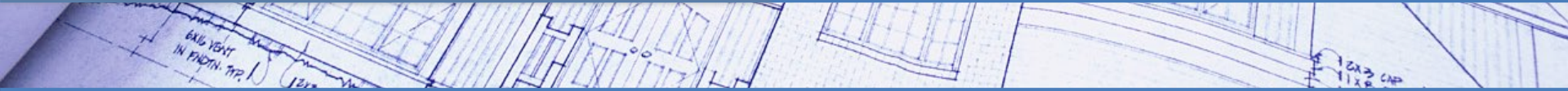
Solutions



Trustee

- Appoint a trustee in estate documents
- Engage trustee today so she understands the family dynamic
- Give trustee power to act if charitable beneficiaries no longer exist

The ABLE Act – First the facts

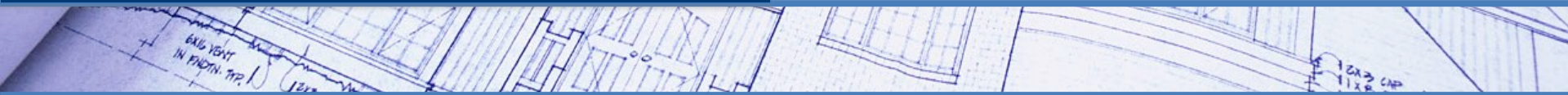


Who is eligible for an ABLE?

A person with a qualifying disability whose disability started before age 26

If that person receives SSI or SSDI, then he or she is automatically eligible

If not, a person can still be eligible if he or she meets the SSA definition and criteria of significant functional limitations and has a letter of certification from a licensed physician



Who can establish an ABLE?

The person with the qualifying disability

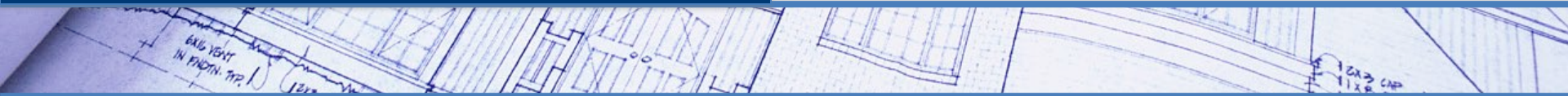
The legal guardian of that person

A parent of that person (if the person is a minor)

A person with power of attorney to represent that person

Accounts will often have an authorized representative who can assist the person with a qualifying disability and who has full access to the account

Monies in the account belong to the beneficiary with a disability



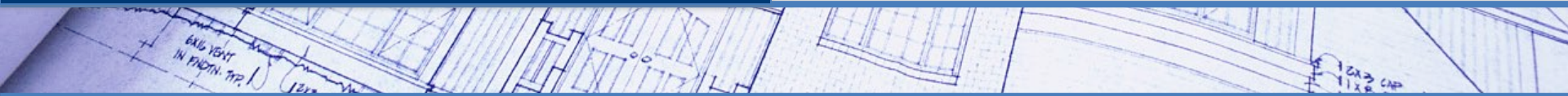
Contributions and account values

\$15,000 per year into the account from all sources

Total plan limits vary by state (somewhere around \$300,000)

Only one ABLÉ account per person

A working beneficiary can put in more -
Up to the lesser of that person's compensation or the amount equal to the federal poverty level for a one-person household (\$12,060 additional)



Account value, resource, 529s and payback

ABLE accounts do not count as a resource towards the \$2,000 limit

529s can be used to fund the ABLE. Not every state allows this tax-free transfer

Medicaid payback. Assets remaining in an ABLE account might be claimed by states where services were delivered

\$100,000 or more in accounts. People with more than \$100,000 will likely lose their SSI benefit for that time when the ABLE is over \$100,000. They will not lose Medicaid as a result

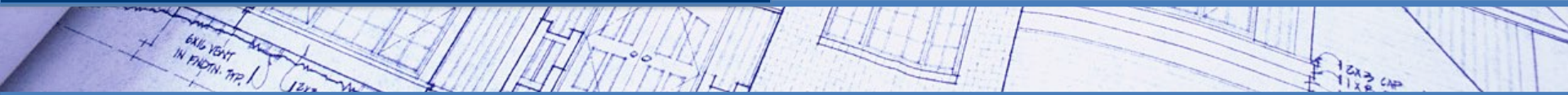


Qualified disability expenses (QDEs)

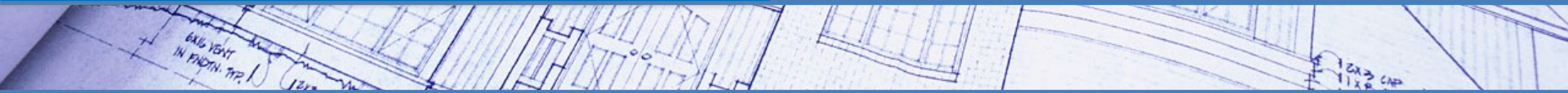
Qualified Disability Expenses (QDE) include basic living expenses and are not limited to items for which there is a medical necessity or which solely benefit a disabled individual. QDE include but are not limited to expenses related to the account owner's:

- Education (including tuition for preschool through post-secondary schools)
- Housing
- Transportation
- Employment training and support
- Assistive technology and related services
- Personal support services
- Health, prevention and wellness
- Financial management and administrative services
- Legal fees
- Expenses for oversight and monitoring
- Funeral and burial expenses
- Other expenses to enhance the account owner's quality of life

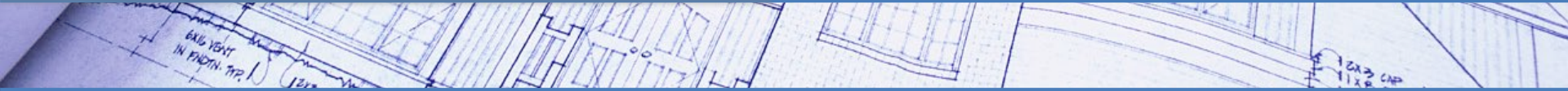
Source: [Enablesavings.com](https://enablesavings.com)



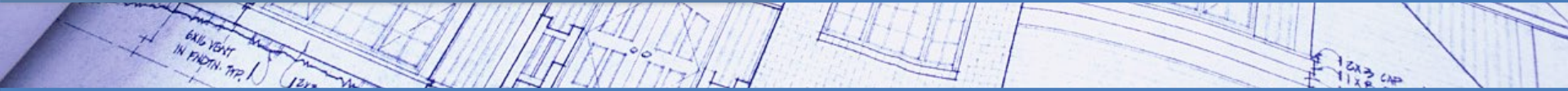
The ABLE Act – Why do these accounts matter?



The ABLE Act - A move towards independence



Tax-free potential



Reasons to plan

\$270,000

(\$750 x 12 x 30)

\$1,200,000

(\$40,000 x 30)



ABLE Act and Trusts

Special Needs Trust	ABLE Act Account
➤ Disability at any age (under 65)	➤ Disability before age 26
➤ Administered by trustee	➤ Managed by the individual, a parent or someone with financial powers
➤ No contribution limit, but annual gift issues	➤ Annual contribution limit - \$15,000 per year from all sources
➤ Potential Medicaid payback	➤ Medicaid payback
➤ Potential issue if beneficiary moves	➤ One plan at a time

ABLE Act and Trusts

Special Needs Trust	ABLE Act Account
➤ Taxable earnings	➤ Potentially tax-free earnings
➤ High degree of asset protection	➤ Untested asset protection
➤ Trustee must understand Medicaid rules	➤ Risk of asset build up or taxable event
➤ Most assets can be used to fund	➤ Cash funding
➤ Unlimited asset values	➤ \$100,000 account issue
➤ Potential use for family members with mental health or other disability issues	➤ Potential state issues

Everyday Heroes



Family

Moms
Dads
Grandparents
Siblings
Caregivers



Self-
Advocates

Down
syndrome
Autism
Fragile X
Brain injury
ID/D



Professionals

Financial
Planners
Lawyers
Accountants
Trustees



Community

Nonprofits
Spiritual
community

Equity and fixed income investments are subject to market fluctuations.

Regular investing does not ensure a profit or protect against loss. You should consider your willingness to keep investing when share prices are declining.

Rob Wrubel, CFP® AIF® AEP® is a Senior Vice President with Cascade Investment Group, Inc., member FINRA & SIPC.

Cascade Investment Group, Inc. is not a tax or legal advisor. You should always consult with your tax advisor or attorney before taking any actions that may have tax or legal consequences.

FINANCIAL FREEDOM *for* SPECIAL NEEDS FAMILIES



9 Building Blocks to
Reduce Stress, Preserve Benefits,
and Create a Fulfilling Future

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