

Financial Strategies for the Special Needs Family



Submitted by The Washington Group of MassMutual

If you care for a person with a disability or other special needs, it's important that you look beyond their medical care attention and the help you provide on a day-to-day basis. How you prepare for their financial well-being - and yours as well - will make a tremendous difference in your lifestyle now and when you are no longer caring for your loved one. This article briefly outlines some of the many options that may be available to you.

Government Programs

Based on your income or the income of the person with a disability or other special needs, if he or she is 18-years-old or older (19-years-old in some states), you may qualify for certain federal benefits. Some benefits may be further subsidized at the state level. And some are available regardless of your income level.

- Medicare* is not based on financial need, this federal program helps cover medical expenses

- Medicaid* is a federal program managed at the state level and based on financial need that helps cover medical expenses

- Medicaid Waiver Programs are programs that assist with medical costs or provide income for individuals who don't qualify for Medicaid.

- Social Security Disability Insurance or Supplemental Security Income is a federal program that provides income to eligible individuals and may qualify the individual for other benefits available in their state such as food stamps or payment of Medicare premiums.

Other programs that help cover medical expenses or provide health services include the State Children's Health Insurance Program, the Children with Special Health Care Needs provision, state mandated insurance programs, and other programs offered at the state level.

Guardianship

When a child with a disability or other special need reaches the age at which he or she is no longer considered a minor (varies by state), the law expects that he or she will make decisions on his or her own behalf. If your child is not fully capable to do so, you may want to consider naming a guardian or conservator who can help. A guardian will make decisions for your child and his or her property. A conservator will manage your child's property only. You can predetermine the level of responsibility for each, depending on the level of assistance your child will need.

Special Needs Trust

If a person with a disability or other special need owns or inherits property above a certain dollar value, it could make him or her ineligible for certain government programs - and could actually have drastic negative effects on his or her financial situation. A special needs trust, if properly established, can help provide a quality lifestyle for the lifetime of a person with a disability or other special need.

Other Options

It's critical that your family finances and assets are managed in a way that will

benefit the family member who is disabled or has special needs, and other family members, too.

If your estate is large, establishing trusts could be the answer.

If your family assets are modest, you may want to name the person with a disability or other special need as disinherited in your will. Doing so could ensure that the government benefits he or she currently receives will not be jeopardized by an inheritance.

Life insurance policies can work in many ways. They can provide a death benefit (an amount of money for the beneficiaries after the death of the insured person) or they can help fund financial strategies that can provide living benefits (improve your quality of life now).

Long-term care insurance for yourself can help ensure that financial strategies you have to benefit your loved one won't be affected by your own potential medical expenses.

Disability income insurance, which provides a portion of your income when you can't earn it because of illness or injury, may also be worthwhile to include in your financial strategy, especially if you or your spouse are self-employed.

Different types of Powers of Attorney are available to grant power to someone to act on behalf of another person.

Other options include giving assets to charities or to grandchildren and great-grandchildren, rather than children; creating a living will; purchasing annuities; and more.

