



## Special Camps Resources

### Introduction

Estate and financial planning are important when it comes to achieving your best possible life. We want to help you make sure your affairs are in order by providing a “tip of the month.” These matters can seem overwhelming, but handling things one tip at a time can lead to progress. This information is educational only and it is not meant to be legal and financial advice for your situation. Please consult with your own legal or financial advisor about your specific needs. May you have a productive year!

Information provided by Practical CLE ([www.practicalcle.com](http://www.practicalcle.com) )

1. **Get a Basic Estate Plan.** It is important for every person to have at least a Will, Power of Attorney and Advance Health Care Directive. It's more urgent if you have a spouse or child who may have special needs and require continual care. A special needs trust can be a powerful tool to protect your loved one's resources and eligibility for needs-based assistance programs.
2. **Learn About ABLE.** An Achieving a Better Life Experience (ABLE) account is a tax advantaged way to save money and maintain eligibility for needs-based assistance programs (like SSI and Medicaid). These accounts give individuals on needs-based assistance the ability to save and spend their own money (and receive a tax break at the same time). For more information visit the National ABLE Resource Center at <https://www.ablenrc.org>.
3. **Supported Decision-Making.** Just because someone has a disability does not mean they must have a guardianship. There are less restrictive supported-decision making

alternatives, such as powers of attorney, trusts and supported decision-making agreements (made possible in Alabama by The Colby Act). It's wise to consider these less intrusive alternatives first, but if a more formal process becomes necessary you can learn more here: <https://alabamawings.alacourt.gov>

4. **Planning is For Everyone.** A young adult or an individual with a disability is not precluded from signing his or her own estate planning documents. In fact, they can be quite useful! For example, these documents would allow a parent to speak for an adult child and perhaps assist them with various tasks. That child may also be away at college and estate planning documents allow parents to access information at school and handle matters at home.
5. **Parents and Long-Term Care.** When parents are caring for a child who has a disability, there is a real concern that they may exhaust their funds on their own long-term care, leaving little for their child. However, if a parent requires nursing home care, he or she can transfer assets free from penalty to a child or a trust for their benefit using the disabled child exemption. The child can use the assets and the parents can rely on Medicaid to support their care (assuming they otherwise qualify for the program).
6. **Finding an Attorney.** It is important to work with qualified legal counsel, especially if you need help with a complex and technical matter such as special needs planning. There are two organizations that certify attorneys in this area and they have directories on their websites: The Special Needs Alliance (<https://www.specialneedsalliance.org>) and the National Elder Law Foundation ([www.nelf.org](http://www.nelf.org)).
7. **Leave a Letter.** A letter of intent or instruction (LOI) is an informal, yet powerful tool in the event of death or disability. The LOI you leave for your decision-makers can provide them with practical information about how to handle your affairs. It may include a list of assets, the location of important documents, or even some information about the type of care you would like to provide for your beneficiaries.
8. **Check Your Beneficiaries.** Many assets, such as life insurance and retirement plans, pass by beneficiary designation. It is important to check your beneficiary designations to

ensure they comply with the structure of your estate plan. For example, if you have a trust for a child, make sure the beneficiary is the trust and not the child. Erroneous designations could cause significant problems in an otherwise well-drafted plan.

9. **Not All Trusts Are Created Equal.** There are two basic types of special needs trusts, each designed for a specific purpose. A third-party trust is designed to hold the assets of anyone other than the trust beneficiary, whereas a first party trust is for the assets of the disabled beneficiary. The first party trust requires a “Medicaid payback” at the death of the beneficiary, thus it is important to use the proper trust for the situation.

10. **Find Free Money.** Most states have an unclaimed property program, which allows businesses and financial firms to be relieved from liability should they be holding unclaimed assets. If the assets go unclaimed, they revert to the state after a time. It is important to periodically check for unclaimed property, for you never know what you may find. To access Alabama’s site, visit: <https://alabama.findyourunclaimedproperty.com>

11. **Paying Your Own Way.** If an individual is receiving or may receive a needs-based benefit, such as SSI, it may be important to formalize rental and caregiving agreements. A child receiving SSI and living at home will have a benefit reduction unless he pays rent to his parents (and has a formal rental agreement). Failure to have a written caregiving agreement could cause any payments for caregiving services to be categorized as a penalized transfer.

12. **Creating More Wealth.** Life insurance is a financial tool designed to provide resources when needed due to death (usually of a caregiver). When parents have a disabled child, it is important to have insurance coverage for a long period, as the need will be for life. Permanent insurance can be too expensive, but second to die life insurance insures two lives and pays on the second death, making it a more affordable permanent insurance option.