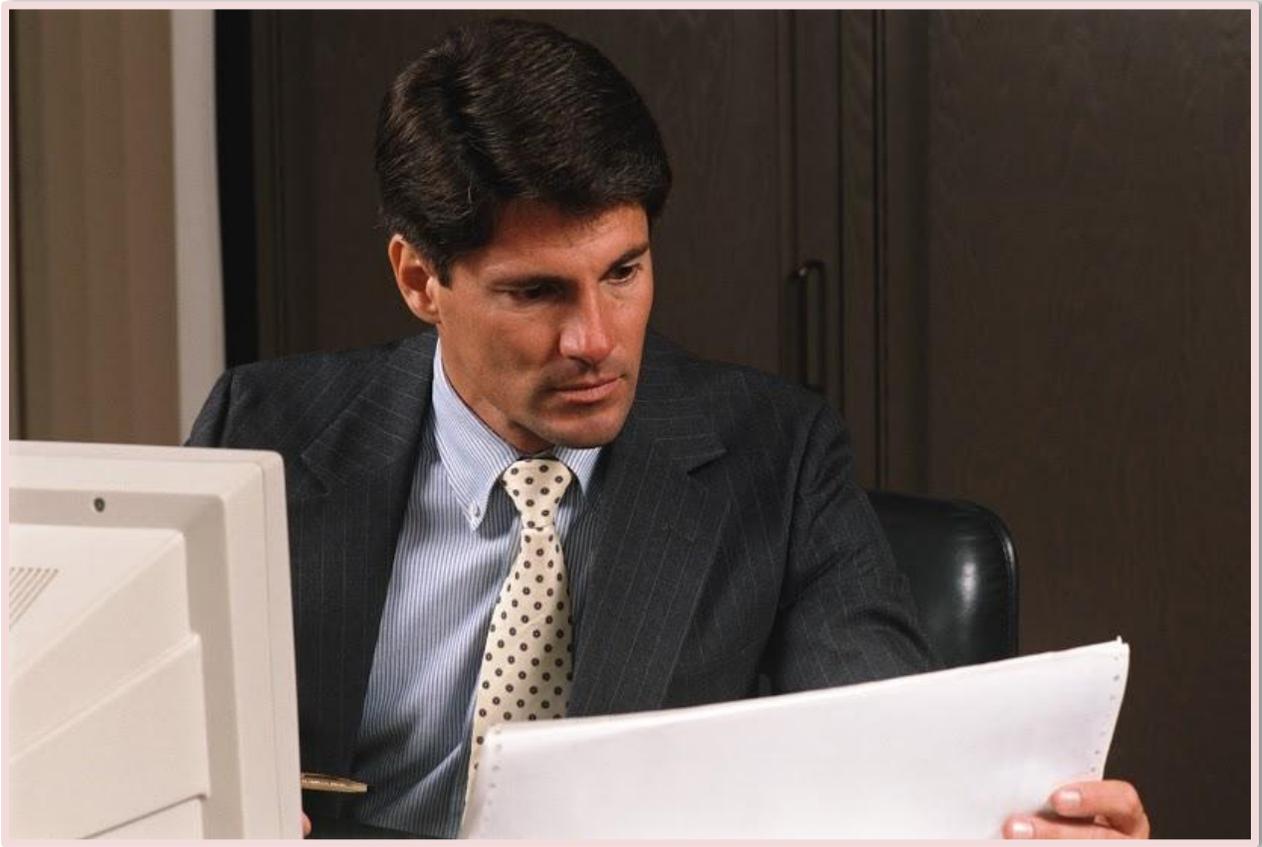


WHAT IS A SUPPLEMENTAL NEEDS TRUST IN CONNECTICUT?

“Estate planning involves some careful consideration. You need to identify and inventory your assets to fully understand what you have to pass along, and you should consider things like potential tax exposure and asset protection.”



BARRY D. HOROWITZ
Connecticut Estate Planning Attorney



Preparing the assets for distribution is part of the equation, but you should also consider the people on your inheritance list. There are various different ways to facilitate asset transfers, and the life situation of each recipient will enter the picture.

With this in mind, we will look at supplemental needs trusts in this paper.

PEOPLE WITH DISABILITIES

Supplemental needs trusts are used to provide resources for people with disabilities. The purpose of the trust is to preserve government benefit eligibility.

Many people with disabilities rely on Medicaid for health insurance. This is a program that is jointly administered by the state government along with the federal government. Because it is only available to people with financial need, there are monetary limits that govern eligibility.

If a person who is enrolled in the Medicaid program was to experience an uptick in financial capabilities, eligibility for coverage could be forfeited.



status could render a benefit recipient ineligible.

There is another program that provides income for people with disabilities called Supplemental Security Income. This is also a need-based government benefit, so the same situation applies. An improvement in financial

THIRD PARTY SUPPLEMENTAL NEEDS TRUSTS

Now that we have provided the appropriate background information, we can look at the specific value of supplemental needs trusts.

If you wanted to help out a loved one with special needs, you could create and fund this type of trust. When you create the trust agreement, you name a trustee to administer the trust. Many people will use a professional fiduciary like a trust company, but it is also possible to name someone that you know personally.



Medicaid pays for medical care, and Supplemental Security Income can pay for housing and food. The trustee will follow instructions that are set forth in the trust declaration and use the funds in the trust to satisfy the

beneficiary's supplemental needs. These would be needs that are not being satisfied by the government benefits.

As long as the trustee is using assets in the trust to pay directly for goods and services that are approved, eligibility for government benefits would not be jeopardized.

After the death of the beneficiary, the Medicaid program would not seek reimbursement from his or her estate when a third party supplemental needs trust has been established.

FIRST PARTY OR SELF-SETTLED SUPPLEMENTAL NEEDS TRUSTS

There is another type of supplemental needs trust called a first party supplemental needs trust. These trusts are funded with assets that are the property of the beneficiary. The trust would be established by a parent, a grandparent, a legal guardian, or a court order.

The same situation exists with regard to the ability of the trustee to use the assets in the trust for certain approved purposes without jeopardizing government benefit eligibility. However, with a first party supplemental needs trust, the Medicaid program would seek reimbursement from the estate of the beneficiary after his or her passing.

SUMMARY

People with special needs often rely on government benefits. Medicaid provides health insurance in many cases, and Supplemental Security Income is a source of ongoing income that can provide basic support.

These programs are only available to people who can demonstrate a significant level of financial need, so there are modest income and asset limits that you must stay within to qualify.

Once you qualify for these benefits, eligibility is not necessarily permanent. An improvement in financial status could result in a period of ineligibility.



A supplemental needs trust can be established to improve the quality of life of a benefit recipient. The trustee would be allowed to use assets in the trust to pay for things that the government

benefits are not covering, but benefit eligibility would not be impacted. To obtain more in-depth details, schedule a consultation with a licensed special needs planning attorney. Your attorney will gain an understanding of your situation, answer all of your questions, and help you take action if you decide to go forward.

REFERENCES

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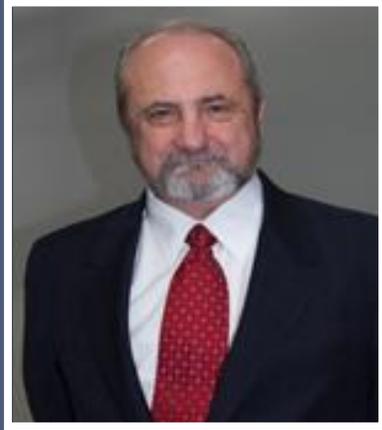
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About the Author

Barry D. Horowitz



Barry D. Horowitz is a founding partner in the law firm of Nirenstein, Horowitz & Associates, P.C. He received his diploma from the Loomis Chaffee School and his Bachelor of Arts from Bennington College, where he dual majored in philosophy and music.

Mr. Horowitz was awarded his Juris Doctor degree with honors from the University of Connecticut School of Law. While attending law school, Mr. Horowitz received the American Jurisprudence Award in Legal Ethics and the Nathan Burkan Award.

After graduation from law school, Mr. Horowitz continued his legal education at New York University School of Law where he received a Post Doctorate Law Degree in Taxation. He has also recently received a national achievement award.

Mr. Horowitz is admitted to practice before all the state courts in the State of Connecticut and the United States District Court. He is a member of the Hartford County Bar Association, a charter member of the American Academy of Estate Planning Attorneys, and has recently received the American Academy Award. Mr. Horowitz is also an active member of the Connecticut Bar Association where he is a member of the Elder Law Section, the Estate Planning and Probate Section, and the Professional Ethics Committee. Mr. Horowitz practices exclusively in the area of Estate Planning where he has earned a reputation as a dynamic and entertaining speaker. He also has recently published a book entitled "Guiding Those Left Behind in Connecticut."

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