



# SPECIAL NEEDS TRUSTS a beginner's guide



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*After setting up a trust with  
The Arc of Northern Virginia,  
I am more confident in the future.*

@Becky W  
Parent of Trust Beneficiary

# WE KNOW YOU WORRY

We'll Help You Figure It Out

**A**s the mother of two adult daughters with Down syndrome, I know how overwhelmed we all are. Planning a financial future is not easy, especially as parents of children with disabilities. It's hard to face the reality we are not going to be around forever for our children. We worry about their future: a stable home, friends, support services, money. Then there's so much information out there, where does one begin? What's the first step?

# come

Who can help? What should be in place to allow peace of mind?

We'll help you figure it out. Start by considering a special needs trust - a favored choice to set aside money for people with disabilities.

- i. Family and Self-funded Special Needs Trusts: What They Are & What's the Difference
- ii. Trust Establishment: What You Need to Get Started
- iii. Your Assets: What Can Be Held in a Trust
- iv. Disbursements: How to Use the Trust
- v. FAQs: Most Commonly Asked Questions
- vi. Trust Voices: Our Clients and Partners Tell Us How it Works for Them

Over the last 30 years, I have gained the personal and professional knowledge to effectively plan for my girls. I want to share that with you. At The Arc of Northern Virginia, our Trust Team understands planning can be daunting. But it must be done. And since you know your child best, it's up to you to take the first step. Using your detailed knowledge to map out their future ensures their lives go on seamlessly when you pass.

When you're ready to meet with us, we'll listen to your situation and find solutions using our expertise and knowledge of disabilities, public and private programs.

Together we can develop a plan where the Special Needs Trust managed by The Arc of Northern Virginia is a key component in your futures planning.

Start planning the details right—and right from the start—to shape your child's future.

*Tia Marsili*

Tia Marsili  
Director of Trusts  
The Arc of Northern Virginia

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+ + + +  
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# WHO



# WE ARE

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+

# WHY US?

## What The Arc Represents

Our Special Needs Trust Program is rooted in the following values:

### Empathy

Established in 1950, The Arc (National) is the largest non-profit organization for people with intellectual and developmental disabilities (IDD) and their families. Our mission is to promote and protect the human rights of people with IDD, and we actively support their full inclusion and participation in the community throughout their lifetimes.

The Arc of Northern Virginia is a local chapter of The Arc, one of over 600 chapters nationwide. Our chapter footprint for advocacy and information and referrals is limited to Alexandria City, Arlington, Falls Church City, and Fairfax County.

The Arc of Northern Virginia's **Trust Program** serves a significantly larger area than Northern Virginia. **We serve the entire Commonwealth of Virginia, the state of Maryland, and the District of Columbia.** We have clients in other states as well.

Our special needs trust (SNT) documents have been vetted by the Virginia Department of Social Services, the Attorney General's

office in MD, and the courts of DC. We have provided our documents to state and regional agencies for clients who live outside this area as well.

Our Trust Department serves clients with mental health, IDD, sensory, and physical disabilities throughout the three jurisdictions and beyond.

Our Trust Program is unique to nonprofit trusts because we have a mission statement that promotes and protects the human rights of people with disabilities. This statement drives the work we do and is the foundation for our services in our Trust Department.

Since 1999, our SNT program has helped to protect benefits and manage money for people with disabilities. We establish and administer SNTs.

We strategize with families through careful planning and constant learning. We are experts in disability programs and offer services people can afford. And we do it with compassion and understanding.

This gives you the peace of mind to focus on your loved one's quality of life.



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# Expertise

Our top priority: monitoring your money so benefits stay safe.

We are disability specialists and financial problem solvers.

We advise and guide people with disabilities and their families using our deep and wide-ranging knowledge of disability laws and systems.

As Manager, we work with you day-to-day to make objective, benefits-compliant trust spending decisions.

We partner with KeyBank as Trustee to ensure responsible trust asset investment. KeyBank has over 190 years of experience providing sophisticated trust and estate services.

We collaborate with a network of lawyers, financial planners, doctors, contract advocates, government officials and agency personnel to support our clients' queries and needs.

# Experience

Our experience benefits YOU. For over 20 years, our program serves families in Maryland, the District of Columbia, Virginia, and beyond. Since 1999, we've established over 2000 special needs trusts. Our combined trust assets exceed \$53 million\*.

The Foundation of The Arc of Northern Virginia oversees our program. Our board members are experts in disability issues and money management. The board meets with KeyBank's financial advisors monthly to discuss updates, investment strategies and client relations.

\*as of January 1, 2022



CHOOSING YOUR

# Trust

The word 'Trust' is rendered in a large, blue, serif font. The letters are stylized with vertical lines extending from the top and bottom. Small illustrations are placed on the letters: a person sitting on the top bar of the 'T' using a laptop; a person standing on the top bar of the 'R' surrounded by money and plants; and two people standing on the top bar of the 't' with stacks of money.

***“ A Special Needs Trust  
enhances the quality of life  
for a person with disabilities.***

@Tia Marsili  
Director of Trust



# CHOOSING YOUR TRUST

## What is a Special Needs Trust?

A Special Needs Trust (SNT) is a legal vehicle used to set aside funds for the benefit of an individual with disabilities, also known as the “Beneficiary”.

The Arc of Northern Virginia offers two types of SNTs:

### **Family-Funded Trust (FF SNT)**

Funded with assets given by a third party, usually a relative or friend of the beneficiary. Also known as “Third-Party Trust”.

Parents, grandparents, siblings, or anyone else (just not the beneficiary) may establish and add to the FF SNT.

### **Self-Funded Trust (SF SNT)**

Funded with assets belonging to the beneficiary. Also known as “First Party Trust”.

The beneficiary, parent, grandparent, Guardian, the Court, or agent under Power of Attorney may establish the SF SNT.

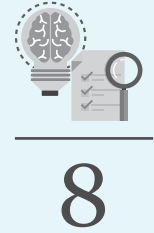
### **What is the difference between the Self-Funded and Family-Funded SNTs?**

The key difference is where the assets (cash and otherwise) come from:

- i. If from the family or others, set up a FF SNT
- ii. If owned by person with disabilities, set up a SF SNT

The other difference is how remaining funds are disbursed when the trust is terminated. The FF SNT leaves the remainder of assets in the trust to anyone or any entity identified by the Grantors in the Joinder Agreement.

The SF SNT has a mandatory payback requirement to Medicaid, then to the heirs, or the remainder may be left to the Foundation of The Arc of Northern Virginia for our Beneficiaries and program.



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***“ One of the key things from setting up the trust is that it has really enhanced my quality of time with my son. Now when he visits, we can enjoy time talking and doing things together.***

@John H  
Parent of Trust Beneficiary

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# SELF



“ **SUDDEN INHERITANCE**  
Getting the money was totally unexpected, I wasn't sure what to do. The Arc helped me figure it out. ”

## Self-Funded Trust (SF)

Funded with assets owned by or in the name of the individual with disabilities.

SF SNTs are often set up when an unexpected sum of money is given to a person with disabilities. Money may come from:

- i. An unexpected inheritance
- ii. A settlement
- iii. A lump sum payback from Social Security
- iv. Adult child support
- v. Work income
- vi. Survivor Benefit Plan (retired military personnel)

You need a SF SNT when the Beneficiary for example:

- i. Receives SSI and Medicaid and has just learned they will be receiving an unexpected inheritance
- ii. Finds it hard to manage their money
- iii. Turns 18 and child support is considered income to them
- iv. Works and wants to save a portion of the earnings
- v. Will soon receive a structured settlement payment and needs to preserve or apply for government benefits

# FAMILY



## Family-Funded Trust (FF)

“

### TOGETHER

All of us are doing this for her  
and it feels wonderful!

”

≡ Funded with assets given by a third party, usually a relative or friend of the beneficiary.

FF SNTs are usually established as part of the estate planning process. Money may come from:

- i. Gifts and distributions from the estates of parents, grandparents and/or others
- ii. Revocable trusts
- iii. Life insurance policies
- iv. Other financial products that name the trust as a beneficiary
- v. Real Estate

You need a FF SNT when:

- i. You or someone else wants to leave assets to your child through your will, trust, life insurance, or other financial products
- ii. You want to apply for/maintain your child's government benefits
- iii. They need help with money management and long-term financial planning
- iv. You want your child to maintain a quality of life

# FUNDED

# Who's

Who's Who in a SNT?

## Beneficiary

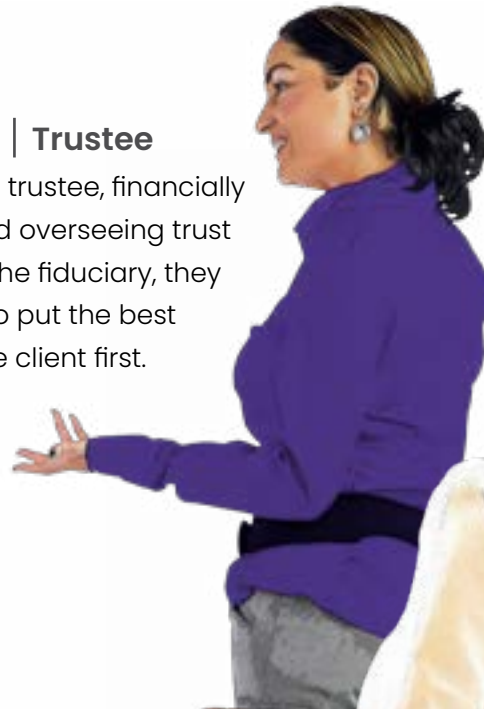
The person with disabilities for whom the trust is established. With a special needs trust, it is anyone with a physical, mental, and/or intellectual disability as defined by the Social Security Act.



THE ARC OF NORTHERN VIRGINIA SPECIAL NEEDS TRUST

## KeyBank | Trustee

KeyBank is our trustee, financially managing and overseeing trust accounts. As the fiduciary, they are required to put the best interests of the client first.



## Grantor

The person or people who establish the trust. It can be family members or friends, guardians, the court, etc. For SF SNTs, it can be the person with disabilities.



## Primary Representative

The person or people chosen by the Grantor(s) to work with the beneficiary to help use the trust money. The primary representative fills out and submits spending requests.



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## Manager

The Arc of Northern Virginia is the Manager. We apply our expertise in administering the SNT. We apply our knowledge of the disability systems to support the beneficiary, their family members, and other important people throughout the beneficiary's lifetime.



## Step 1: Learn about our SNT program

Read all about special needs trusts on our website: [www.thearcofnovatrust.org](http://www.thearcofnovatrust.org). You'll find forms, fact sheets, checklists, and FAQs. This guide is a great start, too.

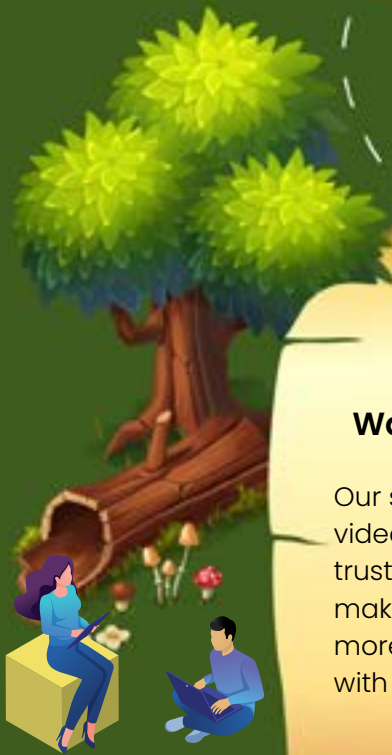
START


## Step 3: Ask Your Questions "Live"

Join our regular roundtables and webinars to hear expert speakers on popular futures planning topics and ask your questions. RSVP on [www.thearcofnovatrust.org/events](http://www.thearcofnovatrust.org/events).

## Step 2: Watch our Videos

Our short and instructive videos show you what trusts are and how they make life better and more secure for people with disabilities.





**Step 4:**  
**Book One Free  
50-minute Consultation**

Now that you're well informed and ready, let's talk!

- i. Book a time:  
[www.thearcofnovatrust.org/make-appointment/](http://www.thearcofnovatrust.org/make-appointment/)
- ii. Email:  
[front.desk@thearcofnova.org](mailto:front.desk@thearcofnova.org)
- iii. Call:  
703-208-1119, Ext. 101

**Step 5:**  
**Schedule Your  
Trust Establishment**

Your loved one's assets are now **secure.**

**FINISH**

**BUILD YOUR KNOWLEDGE  
5 EASY STEPS**

**YOU CAN DO IT!**

Protect the Ones you love  
**ACHIEVE YOUR GOALS**

FEEL INSPIRED  
**Confidence**  
Overcome the fear

**SO CUTE!!**

MATCH THEIR BRAVERY  
simple steps first

Start  
today

-We Understand-

**HOPE**  
IS EVERYTHING

**BE BOLD!**

**BETTER**

LOVE LEADS

**EASY  
STEPS**

**-YES!-**

Create  
Positive  
Outcomes

Planning Rules!

Make Tommorrow

Great!  
**Consult**

STEP FORWARD

**VALUE**

We love to  
Make it plain

Secure  
the Future

**TRUST**

ASK

PLENTY OF  
QUESTIONS  
**NEEDS**

FEEL THE LOVE

**CREATE**

Get  
organised



Let Us  
help You

**TODAY**



# ESTABLISHING YOUR TRUST IN FIVE STEPS

## 1. Make An Appointment

- i. Visit [www.thearcofnovatrust.org/make-appointment/](http://www.thearcofnovatrust.org/make-appointment/)
- ii. [front.desk@thearcofnova.org](mailto:front.desk@thearcofnova.org)
- iii. 703-208-1119, Ext. 101

## 2. Provide Key Information

Our staff works with you gathering this information to draft the trust documents. This includes official identification, social security number, tax, insurance, legal, financial, and other relevant information.

## 3. Review Draft Trust Documents

Once we've covered the last two steps, you'll review the completed documents via email to confirm accuracy.

## 4. Final Review

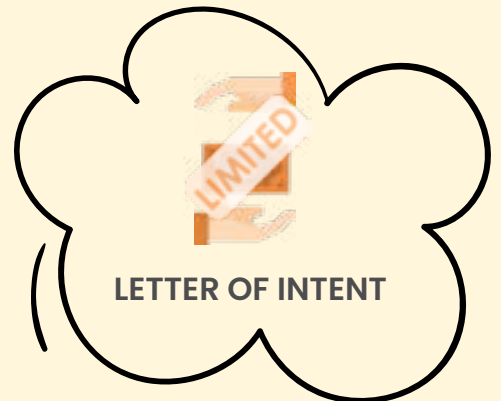
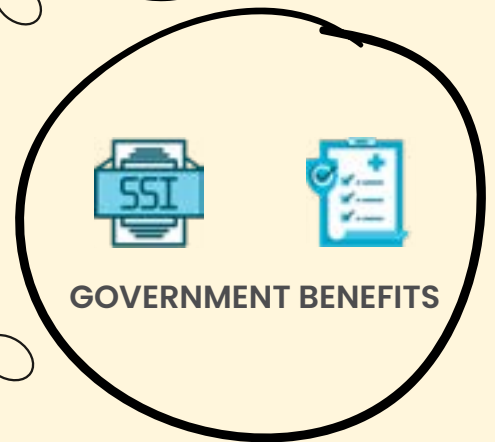
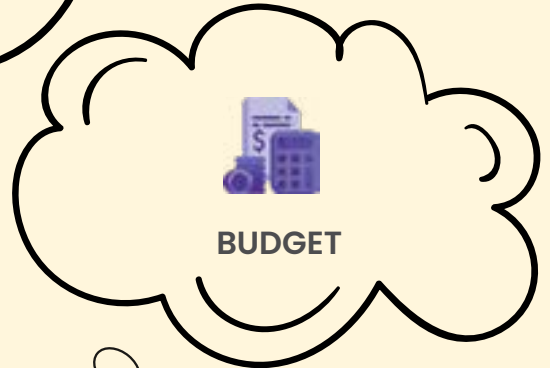
We'll take you through the trust documents, make the final edits, and answer any questions you may have.

## 5. Sign and Return Documents

Once you've received the final version, you'll review, sign, and return these documents to us via an electronic secure platform.

Your loved one's assets are now secure.





***“ It’s very helpful that I can take photos of receipts and forms and send them in. Payments are always timely. Trini is fantastic to work with.***

# Using Your Special Needs Trust

How Can You Use Your Trust?



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As Trust Manager, The Arc of Northern Virginia ensures that trust spending aligns with the goals and limitations of the trust. Goals are a mix of needs and wants, while limitations are budget, laws and rules set up in the trust.

## Disbursements

Money from a special needs trust (SNT) should not jeopardize government benefits, and may be used for so many different things!

## What can you spend it on?

Just about anything! The list is infinite. If it's legal, legitimate and supports the beneficiary, without affecting their benefits, the trust may pay for it.



# DISBURSEMENT PROCESS

A disbursement is a payment from a trust. It's a simple process to pay for the beneficiary's expenses.

THE ARC OF NORTHERN VIRGINIA SPECIAL NEEDS TRUST

## 1. Primary Representative

- i. Completes a disbursement request (DR) form
- ii. Submits DR and supporting documentation (bill, invoice, receipt)

## 2. Trust Accounts Department

- i. Checks whether forms are completed accurately
- ii. Reviews that request is legitimate and benefits the beneficiary and does not jeopardize beneficiary's government benefits



*“ I have nothing but praise and thanks for the efficient service provided by our customer support team, Trini & Evelyn, for the past 4+ years. Once we got a routine, any hitches with vendor setup, disbursement documentation and receipts, and payment fulfillment have been streamlined with a quick response to payment completion.*

*I have been so grateful for our team and their superior support they have provided to Sabrina and me.*

@Donna Erikson

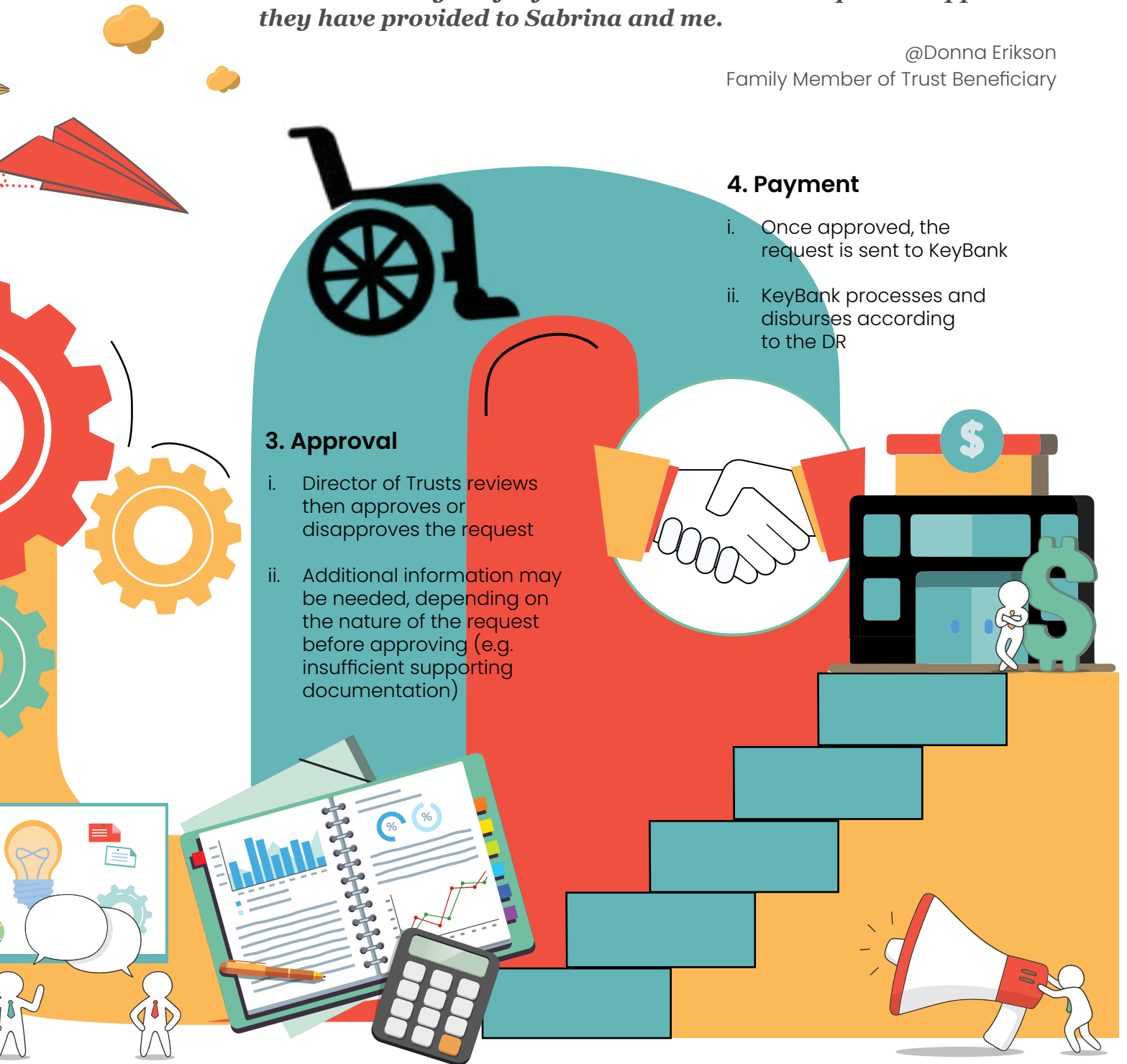
Family Member of Trust Beneficiary

#### 4. Payment

- i. Once approved, the request is sent to KeyBank
- ii. KeyBank processes and disburses according to the DR

#### 3. Approval

- i. Director of Trusts reviews then approves or disapproves the request
- ii. Additional information may be needed, depending on the nature of the request before approving (e.g. insufficient supporting documentation)



# YOUR ASSETS

## COLLECTION OF ASSETS



CASH



MUTUAL FUNDS



REAL ESTATE



BONDS



STOCKS



LAST WILL &  
TESTAMENT

# Family-Funded Trust



GRANTOR

PASSES ASSETS TO



TRUST

PAYS  
DISTRIBUTIONS FOR



BENEFICIARY

**CONTROL HOW MONEY IS USED**

**PROTECT FROM CREDITORS**

**AVOID PROBATE**

**MAINTAIN BENEFITS**

**REDUCE ESTATE TAXES**

**DETERMINE REMAINDERMEN**

## ADVANTAGES

# IN TRUST

## COLLECTION OF ASSETS



UNEXPECTED  
INHERITANCE



SETTLEMENT



SOCIAL  
SECURITY



ADULT CHILD  
SUPPORT



WORK  
INCOME



SURVIVOR  
BENEFIT PLAN

# Self-Funded Trust



GRANTOR

PASSES ASSETS TO



TRUST

PAYS  
DISTRIBUTIONS FOR



BENEFICIARY

## ADVANTAGES

CONTROL HOW MONEY IS USED

PROTECT FROM CREDITORS

MAINTAIN BENEFITS

APPLY FOR BENEFITS

PROTECT PERSONAL FUNDS,  
INCOME & SAVINGS

YOUR ASSETS IN TRUST

# REAL ESTATE

For parents of people with disabilities, ensuring a safe place for their child to live is one of their top priorities.

A permanent home provides long-term stability and enhances their quality of life.

The Arc of Northern Virginia's Special Needs Trust program is the only program in the Greater Washington, D.C. area that can **integrate real property with trust assets**. Real Property refers to Residential, Commercial, Agriculture, and Oil/Mineral Properties.





# Trust Investment Objectives

Asset Allocation with Expert Direction



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INVESTMENT OBJECTIVES



PORTFOLIO  
OPTIONS

## INVESTING TRUST FUNDS

DIVIDING YOUR \$\$\$ INTO DIFFERENT INVESTMENTS



CASH



EQUITY



FIXED INCOME



OTHER

## CONSIDERATION

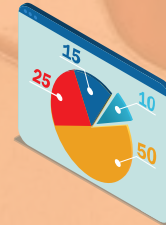
TIME HORIZON



RISK APPETITE



YOUR BEST %



## THE BENEFITS

BOOST RETURNS



REDUCE RISK



GAIN CONFIDENCE



STICK WITH PLAN



When selecting investment options, please speak to your investment advisor.

# WHAT IT COSTS TO ESTABLISH A SNT

## Affordability:

Our fees are less than what's normally charged by most commercial banks and trust companies.

*As of January 1, 2022, all fees are subject to change.*

**\$525<sup>.00</sup>**

**Enrollment Fee for a Second Trust:**

For same beneficiary or their sibling

**\$1050**

**One-Time Enrollment Fee:**

(full or payment plan)

**\$65<sup>.00</sup>**

**Annual Renewal Fee:**

For unfunded SNTs

**OR**

**1.44%**

**Annual Management and Trustee Fee:**

For funded trusts

**AND**

**\$250<sup>.00</sup>**

**Termination Fee:**

When SNT is depleted, or the beneficiary is deceased



Now Is The TIME!!

Give Peace of Mind

family matters

invest in their future



# Our Trust: In-Depth

27	<b>Urban Myths</b>	32	<b>Using Your Trust</b> Continued from page 18	35	<b>Real Estate</b> Continued from page 23
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31	<b>Build Your Knowledge</b> Continued from page 14	34	<b>Self-Funded Trust</b> Continued from page 22	41	<b>Investment Objectives</b> Continued from page 24

## Establish Your Trust

Prepare them for Success

## debunking urban



### **About The Truth #1**

The grantor of a Family-funded Special Needs Trust (FF SNT) determines who will inherit funds remaining in the FF SNT upon the death of the beneficiary.

When the grantor of the Self-funded Special Needs Trust (SF SNT) is also the beneficiary, the options are Medicaid, then whomever they name OR The Arc of Northern Virginia, where it will be used to help others and continue The Arc's work advocating for individuals with disabilities and their families.

FF SNT: Upon the death of the beneficiary, we pay outstanding bills, contact remainder beneficiaries, and request a w-9.



SF SNT: Upon the death of the beneficiary, we provide the death certificate to the Medicaid office. We then receive a statement with the total amount of the Medicaid lien (from each state where Medicaid was provided). When Medicaid is selected by heirs, we must first pay back the lien. If there is money remaining in the trust at that point, we disburse the remainder. This is why most people choose to leave the remainder to The Foundation of the Arc of Northern Virginia in lieu of reimbursing Medicaid. They know where the funds are going and that they'll be used for the benefit of others with disabilities.

### **The Myth #1**

The Arc of Northern Virginia retains the trust funds when the beneficiary is deceased.

### **About The Truth #2**

Each Special Needs Trust account has its very own tax ID number and tax reporting.

When you hear the term "pooled," that means the money is pooled together for investment purposes. This enables access to more investments and reduction of fees. The more investments that are held in trust, the more we are able to negotiate



# Our Trust: In Depth

## Debunking Urban Myths

lower fees. We have lowered those fees three times in the last six years. This is a great direction to be heading.

As trustee, KeyBank provides a number of investment options. The investment objective for your portfolio is developed in conjunction with a review of your financial resources and goals, an evaluation of your risk preference, and rate of return objectives. KeyBank's portfolios include all of the traditional asset classes as well as most of the specialty and alternative asset classes, where appropriate. They include both active and passive investments in our portfolios, which normally results in a significant cost savings given the lower expense ratios of passive funds.

Each beneficiary has their own trust account with funds that are used primarily for their benefit. No other beneficiary has access to these funds.

### **The Myth #2**

Everyone's money in a Special Needs Trust is pooled and accessed by all trust holders.

### **About The Truth #3**

You don't need to be rich to establish an SNT.

Every family's needs are unique, and the trust team at The Arc of Northern Virginia can help you understand the benefits and advantages of funding your SNT at different levels. No trust is too small or too large for us to manage.

### **The Myth #3**

It is very expensive to establish an SNT and is only available to the wealthy.

### **About The Truth #4**

There are important differences between ABLE accounts and SNTs that make them suitable for different particular needs, and often ideal working in tandem.

When you review the specifics of both types of account, it becomes clear that both ABLE accounts and SNTs can be vital tools for future financial planning for individuals with disabilities.

### **The Myth #4**

ABLE accounts are always a suitable replacement for SNTs.



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# CHOOSING YOUR TRUST



THE ARC OF NORTHERN VIRGINIA SPECIAL NEEDS TRUST

# Our Trust: In Depth

## Choosing Your Trust

### What is a Special Needs Trust?

A Special Needs Trust (SNT) is a legal vehicle used to set aside funds for the benefit of an individual with disabilities (beneficiary).

When used correctly, it doesn't jeopardize means-tested benefits. It is also a great way to manage money. The assets in trust are not considered the assets and/or resources of the beneficiary.

The Arc of Northern Virginia offers two types of special needs trusts:

- i. The Self-Funded Special Needs Trust (SF SNT) is funded with assets owned by or in the name of the beneficiary.
- ii. The Family-Funded Special Needs Trust (FF SNT) is funded with assets given by a third party, usually a relative or friend, for the benefit of a person with disabilities.

### What is the difference between the Self and Family-Funded trusts?

The key difference is whose assets (cash and otherwise) will fund the trust:

- i. Family and/or others establish and direct assets to a FF SNT for the benefit (fbo) of the person with disabilities.

- ii. If owned by person with disabilities, the beneficiary, parent, grandparent, Guardian, court, or agent under power of attorney sets up a SF SNT.

The other difference is how the remaining funds in the trust are disbursed upon the death of the beneficiary:

- i. The grantor of the FF SNT determines who inherits the remainder.
- ii. The SF SNT has a mandatory payback requirement to Medicaid then the heirs at law. In lieu of Medicaid, the grantor may choose to leave the remainder to The Foundation of The Arc of Northern Virginia.

Choosing the right trust is of utmost importance; some people have both. When in doubt, call The Arc of Northern Virginia.



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# Our Trust: In Depth

## Tools in the Toolbox

There are important differences between SNTs and ABLÉ accounts that make them suitable for different particular needs, and often ideal when working in tandem. Here are some facts:

- i. A Family-funded (FF) SNT beneficiary is not required to show onset of a disability by the age of 26. With an ABLÉ account, you are.
- ii. ABLÉ accounts are restricted to an aggregate annual limit of \$16,000. A Special Needs Trust on the other hand may hold any amount of funds, from zero dollars to billions.
- iii. With an FF SNT, you determine who inherits if the trust is still funded (assets in trust) when the beneficiary dies. On a Self-funded SNT, there is a Medicaid payback, then to the heirs, OR you may leave it to The Arc of Northern Virginia as a charitable contribution. Virginia and Maryland have removed the state Medicaid payback on ABLÉ accounts, but the federal payback remains.
- iv. Trusts are for the primary benefit of the individual and offer a broad use of the funds. We ensure that benefits are not jeopardized when disbursing from the SNTs. They are meant to supplement government benefits, not supplant them, just



like an ABLÉ account.

- v. Most crucially for many account holders, the trustee and manager of an SNT provide a firewall between the beneficiary and their purchases, protecting the beneficiary from irresponsible spending and unscrupulous parties.

When you review the specifics of both types of account, it becomes clear that both SNTs and ABLÉ accounts can be vital tools for future financial planning for individuals with disabilities and their families.

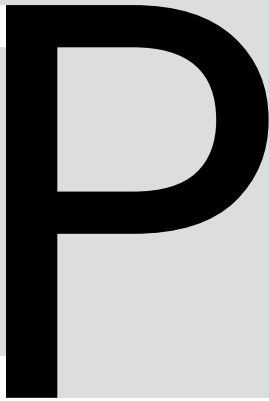
People who initially believe that an ABLÉ account will meet their needs may discover in time that effective long-term planning will require more, and that an SNT is the perfect tool.

As Trust Manager, The Arc of Northern



# Our Trust: In Depth

## Using Your Special Needs Trust

The letters 'P' and 'H' are rendered in a large, bold, black font. They are set against a background of light gray rectangular blocks of varying heights and widths, creating a modern, architectural feel.

Virginia ensures that trust spending aligns with the goals and parameters of the trust. Goals are a mix of needs and wants, while the parameters are based on budget, laws and rules which guide disbursements.

### Disbursements

Money in a Special Needs Trust (SNT) can be used for most things. It supplements means-tested government benefits, if there are any. As Trust Manager, we ensure that trust spending aligns with each Beneficiary's:

#### i. **Public benefits requirements**

With our extensive knowledge and expertise, we maintain spending in line with government benefits and policies.

#### ii. **Trust Plan (or Letter of Intent)**

This guidance document directs spending of trust funds and ensures the Beneficiary's quality of life in accordance with the Grantor's wishes and the Beneficiary's needs. It contains relevant information about the Beneficiary. For example, important people in their life, their interests, likes and dislikes, past and present situations, and expectations for the future.

#### iii. **Budget Plan**

The budget lists the Beneficiary's monthly income and expenses. Together we review and refine the budget to ensure that money coming in is in line with money going out.

#### iv. **Needs vs. Wants**

We listen carefully to our beneficiaries with disabilities, considering their disbursement needs vs their wants. Public Benefits, the Trust Plan, and other considerations are carefully weighed.

In sum, the Special Needs Trust shall benefit the individual with a disability. It's about helping the Beneficiary make good choices on how to use money wisely.



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# Our Trust: In Depth

## Family-Funded Trust

### **When must the beneficiary's account be funded?**

Start anytime, once the trust is established.

The trust account does not need to be funded in advance of the grantor's death. In most instances, it will be funded at the death of the second parent. There are benefits to funding the account during the parents' lifetime. The beneficiary and their family develop a relationship with The Arc. The money in trust is protected, should a catastrophic situation wipe out the family's savings.

### **How is the trust funded?**

You can fund the trust with any of the following:

- i. Last will and testament
- ii. Contributions
- iii. Life Insurance
- iv. Investments
- v. Real Estate
- vi. Retirement plans
- vii. Revocable trusts
- viii. Other financial products

### **How are the funds invested?**

Our Trustee offers various

investment objectives. The investment for your portfolio is developed in conjunction with a review of your financial resources and goals, an evaluation of your risk preference, and rate of return.

### **How much is enough?**

Every family's situation is unique. It depends on your retirement, what you can afford, the beneficiary's government benefits, age, disabilities, expected lifespan, etc.

### **Does the trust balance determine annual spending for my loved one?**

Yes, in a sense. Based on the factors above, we create a budget and revise as needed. The amount you leave provides the trustee with a guide. We use the trust plan created by the grantors, along with collaboration with the primary representatives to determine the disbursements from the account.



# Our Trust: In Depth

## Self-Funded Trust

### Who establishes a Self-Funded Trust (SF SNT)?

- i. Individual with a disability
- ii. Parent
- iii. Grandparent
- iv. Guardian
- v. Court
- vi. Agent under Financial Power of Attorney

### Whose money is placed in the SF SNT?

Self-Funded trusts are funded with the individual's assets—an unexpected inheritance, proceeds from a jury decision, structured settlement, lump sum Social Security payback, survivor benefit plan (SBP), child support, individual's own earnings, lottery winnings, alimony, birth injury funds. Some of these may be irrevocably assigned.

### What happens to the money in an SF SNT when the Beneficiary passes away?

The SF SNT involves a mandatory Medicaid payback clause. Funds remaining in the trust at the Beneficiary's death must first reimburse Medicaid for any Medicaid-funded care for the

Beneficiary. The Grantor may choose to pay back Medicaid first, then designate family members and/or non profit organizations to receive the remaining funds. Or, the most commonly selected option is instead to leave the remaining funds to The Arc's Trust Program to help support it and fund the needs of other beneficiaries whose trusts are depleted.



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### When is an SF SNT the right choice?

- i. You receive SSI and Medicaid and have just learned you will be receiving an unexpected inheritance
- ii. You struggle to manage money and would like help budgeting
- iii. You work part-time and would like to save a portion of your earnings
- iv. You receive a payout from a structured settlement. You need to preserve your benefits or apply for them
- v. You are divorcing and want to ensure that the adult child support does not affect benefits
- vi. You have an SBP which needs to be directed to a SF SNT to protect means-tested benefits



# REA

SERVING VA, DC AND MD

# Our Trust: In Depth

## Real Estate

Safe, reliable housing represents an important part of future planning for individuals with disabilities and their families. Finding a permanent place to call home can provide a sense of stability and can form the basis of an independent life with supports for the future. Integrating real property with trust assets is a service that only The Arc of Northern Virginia, as an authorized nonprofit managing a Special Needs Trust Program, can offer.

We collaborate with KeyBank (KB) in the area of real property. Grantors complete a questionnaire regarding housing expectations. KB requires an occupancy agreement that clarifies their rights and obligations, and copies of pertinent real estate documents associated with the property.

The property should be paid in full upon transfer or sufficient funds available to pay off the mortgage at the Grantor's death. Trust funds are also needed to pay for on-going maintenance, taxes, insurance, and other needs the beneficiary may have.

Trust real estate holdings are major assets, and they require specialized expertise. KeyBank Trust Real Estate Officers are skilled in managing the numerous professional resources essential to the overall investment performance.

Working with KeyBank and The Arc of

Northern Virginia means no interruption in management in the event of death, incapacity, or other unforeseen circumstances. You eliminate the need for a probate and out-of-state ancillary administration, for example. You'll have access to a comprehensive Master Insurance Policy providing flood, earthquake, and vacancy coverage.

KeyBank holds credentials in all areas of property management throughout the country. Together we ensure timely payment of utilities, property taxes, and real estate related expenses, as well as client communication, accounting, and record-keeping.

Collaboratively, we oversee repairs, renovations, and capital improvements, and manage rent collection, lease enforcement, and adherence to property obligations. Finally, KeyBank can facilitate the purchase, sale and leasing of real estate.

To learn more, go to our website or call to schedule a real estate consultation.



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# Our Trust: In Depth

## FAQ



### **What is a special needs trust?**

A Special Needs Trust (SNT) is a legal vehicle used to set aside funds for the benefit of an individual with disabilities. An SNT is not considered an asset or resource by certain government benefits programs and does not affect government benefits eligibility. As a result, when administered correctly, Supplemental Security Income (SSI), Medicaid coverage, and other means-tested benefits are not jeopardized by the existence of a funded SNT.

### **What areas do you serve?**

Our Trust Program primarily serves the Commonwealth of Virginia, the state of Maryland, and the District of Columbia. Our Trust documents have been vetted in these jurisdictions. We also have clients in other states; there are other Arc chapters outside of our region that manage trusts as well.

### **Why establish a special needs trust?**

There are several reasons why our individuals and families choose to establish and fund an SNT.

First, many families choose to establish a Family-funded SNT (FF SNT) as part of their estate plans. They decide to fund the SNT for their child, grandchild, or sibling with a disability through their wills, revocable trusts,

retirement plans, life insurance policies, etc. These funds are then available to their family member who may access them via our program for future needs.

Second, many of our clients with disabilities establish an SNT to protect their means-tested government benefits. This is particularly important if they will be receiving funds which would otherwise cause those benefits to be reduced or suspended. For example, an individual with a disability who receives benefits may receive an unexpected inheritance or the proceeds of a structured settlement. These funds can be deposited into a Self-funded SNT (SF SNT) to fund future supplemental needs, including care not covered by Medicaid (such as dental and vision care, as well as many other items and services).



Third, some clients determine an SNT is an appropriate tool to help a person with disabilities manage his/her/their finances. Because the SNT management team handles bill-paying and budgeting, individuals with disabilities and their families increasingly find it helpful to delegate these tasks, sometimes eliminating a source of stress and anxiety between beneficiaries and family members.

Finally, some clients establish an SNT

because they anticipate the possibility of needing to apply for benefits in the future and do not want their limited savings or a small inheritance to jeopardize eligibility when the time comes.



### Who is the trustee?

Key Private Bank serves as Trustee of the Personal Support Family-Funded and Personal Support Self-Funded Trusts. We collaborate with Key Private Bank's wealth management team. Key Private Bank has fiduciary responsibility and is in charge of asset management and asset allocation, account and tax reporting, check processing, and transfers for all disbursements approved by the Trust Manager.

### Who's who in a SNT with The Arc of Northern Virginia?

The Grantor(s) establishes the trust for the benefit of the Beneficiary. The Beneficiary is the person with disabilities for whom the trust is established. The Primary Representative(s)(PR) is the person(s) named in the Joinder Agreement with whom the Trust Manager (The Arc) is authorized to communicate regarding the Beneficiary's interests and who may request disbursements for the Beneficiary. The Beneficiary



when not under Guardianship may also be a Primary Representative.

### **What is the role of The Arc of Northern Virginia?**

The Arc of Northern Virginia functions as Manager of the Personal Support Self-Funded and Personal Support Family-Funded Trusts. We oversee day-to-day client relations working directly with the person with disabilities, their siblings, parents, case managers, attorneys, dentists, other service providers, etc. to assist with the processing of complete and accurate disbursements as well as general trust administration.

### **Who makes the important decisions?**

The Grantors (those establishing the SNT) decide who may make disbursement requests on behalf of the Beneficiary. When the SNT will be



funded and how the SNT funds will be spent are also decisions made by the Grantors. With a SF SNT, the Grantor, Beneficiary, and PR may be one and the same person. With an FF SNT, this is never the case.



### **What legal documents constitute The Arc of Northern Virginia's SNT?**

The main legal agreement is the Master Agreement. It outlines the necessary requirements for an authorized nonprofit to manage an SNT program. The Joinder Agreement provides information about the Beneficiary, the Grantor, and the



Primary Representatives of the Beneficiary. In addition, it provides information about disbursements from the Beneficiary's trust and annual costs associated with the Trust. It sets forth other issues regarding the relationships among the Trustee, manager, and Grantors.

Other supporting documents include the W-9, disclosure statement, payment options form, investment, and account statements form. Our documents were written by our attorneys specializing in elder law and disability regulations.

Lastly, we have a short list of other documents and papers needed when establishing a trust with The Arc of Northern Virginia.

### **What makes The Arc of Northern Virginia's program unique?**

The Arc of Northern Virginia belongs to a national organization with nearly 660 chapters throughout the United States. Our chapter has been advocating for the human rights of people with disabilities for over 60 years.

Our SNT program is a service for families and people with disabilities residing in Virginia, Maryland, and Washington, DC.

Our partnership with Key Private Bank allows our SNT team to focus on what we do best: understanding, supporting, and serving individuals with disabilities and their families.

With patience and sensitivity, our team educates prospective clients, implements new trust agreements, and conscientiously administers the disbursement process.

With Key Private Bank's support, we are able to ensure each individual's SNT funds are spent in accordance with the grantor's intentions and in a manner which most efficiently and appropriately supports the independence, safety, and comfort of the individual with disabilities.

# Our Trust: In Depth

## Investment Objectives

Our Trustee offers various investment objectives. The investment for your portfolio is developed in conjunction with a review of your financial resources and goals, an evaluation of your risk preference, and rate of return.

Working with KeyBank and/or your investment advisor, you will be asked to select one of the investment portfolios. You may choose to change your portfolio in the future.

Any potential funding over \$250k, including in-kind transfers, may be customized with our Trustee. This is unique to our trust program.

The "Investment Objectives" are the guidelines that the Portfolio Manager uses to manage the various investment pools. As the client, you select the Investment Objective based on (1) the amount of appreciation and/or income you want to achieve in your portfolio; (2) your willingness to accept the inherent volatility (or risk) of the equity and fixed income markets. The Investment Advisor will ensure that the portfolio's cash, equity, fixed income, real assets, and alternative assets stay within the ranges outlined

in each objective.

Past financial performance is no guarantee of future results.

If you establish a trust with approximately \$250,000, you may want to transfer your current investments "in-kind" (i.e. no need for immediate liquidation). Doing so may defer paying capital gains taxes until the investments are liquidated to meet future cash needs. This is provided the assets are not invested in one of the investment pools. In addition, the ability to transfer the investment in-kind will depend on whether Key Private Bank can/will accept and hold the investment on its fiduciary platform.

Finally, if you open a trust with around \$250,000 (cash or investments), your portfolio can be customized to meet your financial goals, objectives and risk tolerances, provided the funds are not deposited in one of the investment pools.



Get Started Today!

Book an appointment! Email us at [front.desk@thearcofnova.org](mailto:front.desk@thearcofnova.org) or give us a call at 703-208-1119 (Ext. 101).



YO  
CAN  
DO  
IT!

N

# SPECIAL NEEDS TRUST CHECKLIST:

