

ALTERNATIVE TO SPECIAL NEEDS TRUSTS

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Special Needs Trusts are trusts that are set up by a third party for the benefit of a disabled or elderly beneficiary. Third party means that the person funding the trust, the grantor, can not be the same person as the beneficiary. If a grantor takes her own property and uses it to fund a Special Needs Trusts and names herself as the beneficiary, even if someone else is appointed as the trustee, the trust is then called a self settled trust and it will cease to be a proper shelter for purposes of preserving the eligibility to social benefits such as Social Security Insurance and Medicaid.

As an alternative, an individual who is entitled to such benefits and receives a large sum of money as a gift, inheritance, lotto winnings, a settlement or court award may place the said property or funds into a pooled trust to shelter the money from consideration as a resource when qualifying for SSI and Medicaid. There is a National Special needs Trust and almost every state has at least one pooled trust (see list by state).

These Pooled Trusts are non-profit organizations set up as these specific trusts for the benefit of providing shelter and assistance to individuals beneficiaries with disabilities. They were expertly set up and efficiently manage and invest the assets of the fund, which are combined and invested together. The funds are spent on beneficiaries in proportion with their respective shares.

Pooled Trusts not only provide the benefit of Special Needs Trusts to individuals who need to preserve their benefits, but also eliminate the necessity to appoint and educate a trustee.