

Life Plan Trust: A Resource for Future Planning

Susan Hartley

Life Plan Trust, a private nonprofit corporation, serves clients with developmental disabilities and/or mental illnesses. There are four regional offices, and services are provided statewide by a staff of six. Life Plan Trust was founded and is cosponsored by The Arc of North Carolina, the National Alliance on Mental Illness (NAMI) North Carolina, Easter Seals UCP North Carolina, and the Autism Society of North Carolina.

Parents of children with disabilities find it difficult to think about a time when they will not be involved in their son or daughter's life due to their own illness or death. It is extremely important for parents to address this issue early on. If you die without a will, assets you do not hold jointly with your spouse or someone else will go to your estate, and North Carolina has a formula for how these assets are to be divided. The majority of the assets will go to children, even if a child has a disability. If the child receives Medicaid, Community Alternatives Program (CAP) services, special assistance, or Supplemental Security Income (SSI), inheriting money may cause these benefits to stop if the amount of countable assets exceeds \$2,000. Regular unearned income, such as annuity payments, can also affect SSI and Medicaid benefits, as well as housing subsidies. Planning ahead for the best use of financial assets is a much better option for surviving family members than an unexpected inheritance; some individuals with disabilities may not be able to handle a lump sum of money or may be exploited by others.

Families often express concerns about the difficulty of accessing information on government benefit programs and eligibility requirements—finding information takes numerous phone calls to several agencies and often results in different answers. Life Plan Trust provides information on benefit eligibility and how different types of estate planning can impact eligibility for programs such as SSI and Medicaid. Individuals receiving Medicaid and SSI are generally not allowed more than \$2,000 in assets, but there are some types of trusts that are allowable resources. Typically, these trusts can be used for supplemental needs (not food or shelter) in order to be excluded as a resource.

Another concern that parents express is the lack of available choices to serve as trustee. Larger banks require a minimum of \$500,000 in an individual trust account. While bank trust officers are very good at managing money, they may not be knowledgeable about the needs of persons with disabilities or what support services may be available. Parents may be reluctant to ask family members to take on this responsibility. Enrolling in Life Plan Trust brings peace of mind to parents, knowing that support systems will be in place for family

members during a parent's illness or after his or her death. Each beneficiary who enrolls has an individualized Careplan that addresses the person's strengths and needs, defines the role of Life Plan Trust in the beneficiary's life, and sets goals and objectives for trust funds. Life Plan Trust services are part of a team approach, working with residential and vocational providers to use the available funds wisely. While Life Plan Trust cannot provide residential supervision for the individual with a disability, Careplan services can add significantly to the individual's quality of life by providing oversight, advocacy, regular visits, and contacts, ensuring that other family members are kept informed about the beneficiary and making sure there are birthday and other holiday-related gifts. Life Plan Trust accepts a variety of trust amounts; the majority of currently funded trusts are less than \$40,000. Life Plan Trust can only be named as Trustee if an advance enrollment is completed. However, it is not necessary to fund the trust at enrollment; it can be funded when a parent passes away from the proceeds of life insurance policies or other estate assets.

While many trusts are funded from parents' assets, trusts can also be funded by the individual with a disability by a back payment from Social Security, a personal injury settlement, or unexpected inheritance. Establishing a Pooled Trust may be an option to help restore essential benefits like Medicaid, and this is considered an allowable transfer of resources under Medicaid regulations. A Pooled Trust is a way for money that is in the name of the person (under 65 years old) with a disability not to jeopardize benefits. It is an allowable transfer under Medicaid and SSI regulations to transfer these funds to a Pooled Trust, which has a payback to Medicaid at the end of the person's life.

In our 19th year of operation, Life Plan Trust has over \$6.5 million in client trust funds under management (in conjunction with Wachovia Charitable Services as our financial manager). We currently oversee 104 funded trusts and an additional 175 trusts that will be funded in the future (at the death of the parents). Life Plan Trust only serves trust beneficiaries with developmental disabilities or mental illnesses, so our staff is very knowledgeable about government benefit eligibility rules and how trust funds can be utilized without jeopardizing other essential benefits, such as Medicaid. To receive a free information packet containing information about effective future planning and government benefit eligibility, please contact us at 1.888.301.0799 or email lifepan1@earthlink.net. For more information about Life Plan Trust, please visit http://www.arcnc.org/services/life_plan_trust/.

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