

What is a Supplemental or Special Needs Trust?

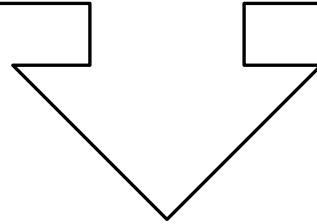
The Arc of Texas

MASTER POOLED

trust

A trust is

a **relationship** where property is held by one party (a person, organization, bank, group of people, etc.) for the benefit of someone else.



Every trust has a...

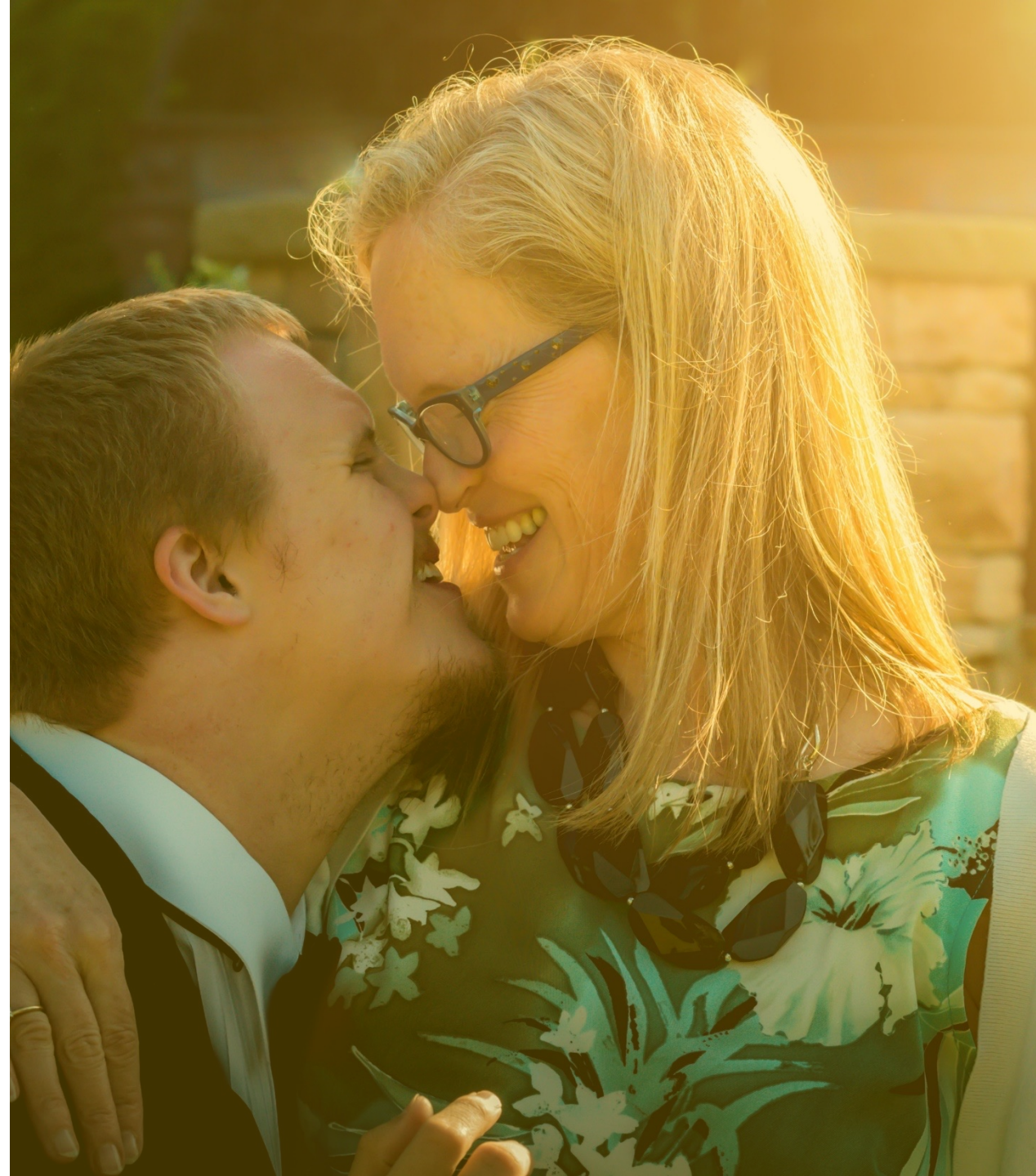
BENEFICIARY

person the trust is set up to support



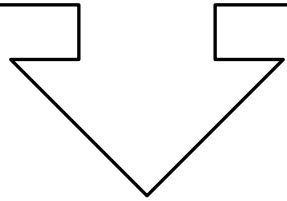
TRUSTEE

decision-maker about property held in the trust



A trust is

a **document** that states rules about what happens to property (money, land, home, etc.).



It answers questions like...

| | | | | |
|------------------------------|------------------------|--------------------------|------------------------|-------------------------------|
| Is the money spent or saved? | How much can be spent? | What can it be used for? | Who can use the money? | What happens to the property? |
|------------------------------|------------------------|--------------------------|------------------------|-------------------------------|



A Supplemental or Special Needs Trust (SNT)

A **specially drafted** trust that allows a person with a disability to retain assets while keeping their **means-tested benefits**.

Medicaid

HCS

CLASS

STAR+Plus

DBMD

STAR KIDS

TxHML

SSI

QMB

SLMB

QI

YES

Means-Tested Benefits

Generally, a person **cannot have more than \$2,000** in countable assets and remain eligible for many means-tested benefits like Medicaid and SSI.



A Special Needs Trust makes assets “invisible” for Medicaid or SSI purposes.



Trust Types

**SELF-SETTLED /
FIRST-PARTY
VS.
THIRD-PARTY**

**TRADITIONAL
VS.
POOLED**

Self-Settled / First-Party Trust

ESTABLISHED WITH BENEFICIARY'S OWN MONEY

Funded from lawsuits, settlements, inheritances, 401k, savings, etc.

REQUIRE A MEDICAID PAYBACK PROVISION

This provision protects a beneficiary's benefits. There is an option for remaining money in an account to go to the Master Pooled Trust before Medicaid is paid back.*

**When the beneficiary passes away, money remaining in the trust must be used to pay back the state(s) for any Medicaid money spent on their behalf during their lifetime, unless remaining money is retained by the Master Pooled Trust.*

Third-Party Trust



ESTABLISHED WITH A THIRD PARTY'S MONEY

Funded on behalf of a person with a disability with money from someone other than the beneficiary.

This type of trust is used in Future Planning, including listing the trust as a beneficiary of a will, life insurance policy, ROTH IRA, or 401K.

Traditional vs. Pooled Trust

TRADITIONAL

- Established through an attorney
- An individual, bank or trust company serves as the trustee
- Individual Trust Document is created for your specific needs

POOLED

- Established with a nonprofit organization
- Nonprofit organization serves as the manager alongside a trustee
- Master Trust Documents already drafted
- Assets may be pooled for investment purposes

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