

Special Needs Trust

A Special Needs Trust is a type of trust. It is for someone with a disability. This type of trust gives people with disabilities income. It lets them have this income while keeping their needs-based public benefits. (This may be Supplemental Security Income (SSI) and/or Medicaid benefits.)

How Does a Special Needs Trust Work?

A Special Needs Trust lets you give assets to a person with a disability. A Special Needs Trust will then own the assets. This Trust lets the person keep their public benefits while getting assets.

A trust lets one person manage assets or money for another person. There are three parties involved in a Special Needs Trust:

- The **Grantor** is the person who funds the Trust;
- The **Trustee** is the person who manages the Trust. This can be anyone except the person with a disability;
- The **Beneficiary** is the person who receives the assets. In a Special Needs Trust, this is the person with a disability.

The Trustee cannot give money directly to the Beneficiary. The Trustee can spend the money to buy goods and services. Special Needs Trust funds are often used to pay for personal care, vacations, home goods, medical and dental costs, and school, among other things.

Two Types of Trusts

There are two types of Special Needs Trusts. They are self-settled and third-party. You should know which you need. The most common type is a third-party Trust. Families often set these up for their children. You may [read more about the differences between Trust types](https://www.specialneedsalliance.org/the-voice/two-different-types-of-special-needs-trusts/) on the Special Needs Alliance website (<https://www.specialneedsalliance.org/the-voice/two-different-types-of-special-needs-trusts/>).

Setting Up a Special Needs Trust

Special Needs Trusts can be complex. State-specific rules may apply. It is important that you make your Special Needs Trust carefully. Talking with a lawyer is highly recommended.

There is no exact amount of money needed to set up a Special Needs Trust. Experts suggest starting the trust at \$100,000. This is because of the costs to set up and maintain the trust. Speak with a financial planner if you have questions.

Resources

[Disability Rights North Carolina's guide to Special Needs Trusts](https://adanc.org/wp-content/uploads/2018/08/Special-Needs-Trusts.pdf)
(<https://adanc.org/wp-content/uploads/2018/08/Special-Needs-Trusts.pdf>)

[Center for Future Planning](https://futureplanning.thearc.org/) (<https://futureplanning.thearc.org/>)

[Life Plan Trust](https://lifeplantrust.org/) (<https://lifeplantrust.org/>) Phone: 919-589-0017 or 888-301-0799;
Email: Lifepan1@lifeplantrust.org

Getting Started with a Special Needs Trust

Step 1. Optional: Read more about Special Needs Trusts in Disability Rights North Carolina's guide (see Resources, above).

Step 2. Contact a person at Life Plan Trust or the Center for Future Planning (see Resources, above).