

Parents of a special needs child have special needs, too.

Key Message: How parents of special needs children can prepare for the future.

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Young families/
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As the parent of a special needs child, you know how rewarding—and challenging—caring for your loved one can be. And even though you've got it all under control right now, you can't help worrying about the future. After all, someday your child will have to go on without you, and you know how expensive it can be to maintain your child's quality of life. That's why a special needs trust (also called a supplemental needs trust) can be a tremendous source of comfort.

A special needs trust is a legal instrument that helps concerned parents like you set money aside for your child's future care. Best of all, it does it without reducing your child's eligibility for public assistance programs such as Medicare, Medicaid, and Supplemental Social Security Income (SSI)¹. For obvious reasons, it is important that it be prepared with the input of qualified tax and legal advisors. Let's take a look at how these trusts work:

A trust protects your child's assets—and eligibility.

If your child relies on government assistance, it's important to know that many of these programs have strict asset limitations (usually \$2,000). A special needs trust can keep your child from exceeding these limits by making sure any assets he or she would otherwise inherit go directly into the trust. That way, you don't have to worry about jeopardizing your child's eligibility for assistance, and you can be sure that any money you earmark for his or her care will be used exclusively for that purpose.

You can fund a trust with a wide variety of assets.

You can use almost any combination of assets to fund your special needs trust: stocks, bonds, real estate—even the proceeds from a life insurance policy (provided you name the trust as the beneficiary). In fact, a whole life insurance policy can be a way to fund the trust.

Make sure you use a qualified professional.

Your child's future is too important to leave anything to chance. While special needs trusts have been around for years, they are complex legal instruments that have to be set up properly. Be sure to work with an attorney who¹ has plenty of experience in this area, as well as a thorough knowledge of wills and estates.

It takes a special person to care for a special needs child—and to adequately prepare for the child's future. With a special needs trust, you can take comfort in the fact that you have taken steps to help provide your child the resources he or she will need to lead a long and happy life.

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