

Does Your Will Leave an Inheritance to Your Grandchild with a Disability?

The easier question is whether you have named your grandchild with a disability in your Will. The more difficult question is whether your Will indirectly leaves part of your estate to that grandchild. In either case, your Will should be amended or rewritten to leave your intended gift to a SNT for the sole benefit of your grandchild with a disability. Grandparents should be particularly mindful if gifts will go to grandchildren in the event their own children predecease them. Grandparents should also be mindful of beneficiary designations of accounts and life insurance. Also, educational Plans, 529 Plans and related educational accounts might not be proper vehicles for a grandchild with a disability.

We routinely rewrite grandparents' Wills to avoid gifts to their grandchildren with disabilities.

Charitable Giving

Most organizations serving people with disabilities are non-profit and dependent on both government funding and charitable contributions. A gift to a charity serving your grandchild helps the charity and people the charity serves. It also gives you a tax deduction and generates goodwill.

Involved Grandparents Make a Difference

By learning more about your grandchild's disability and supporting your children as they provide for your grandchild's individual needs, you can make a difference in the life of the whole family.

To learn more, please call:

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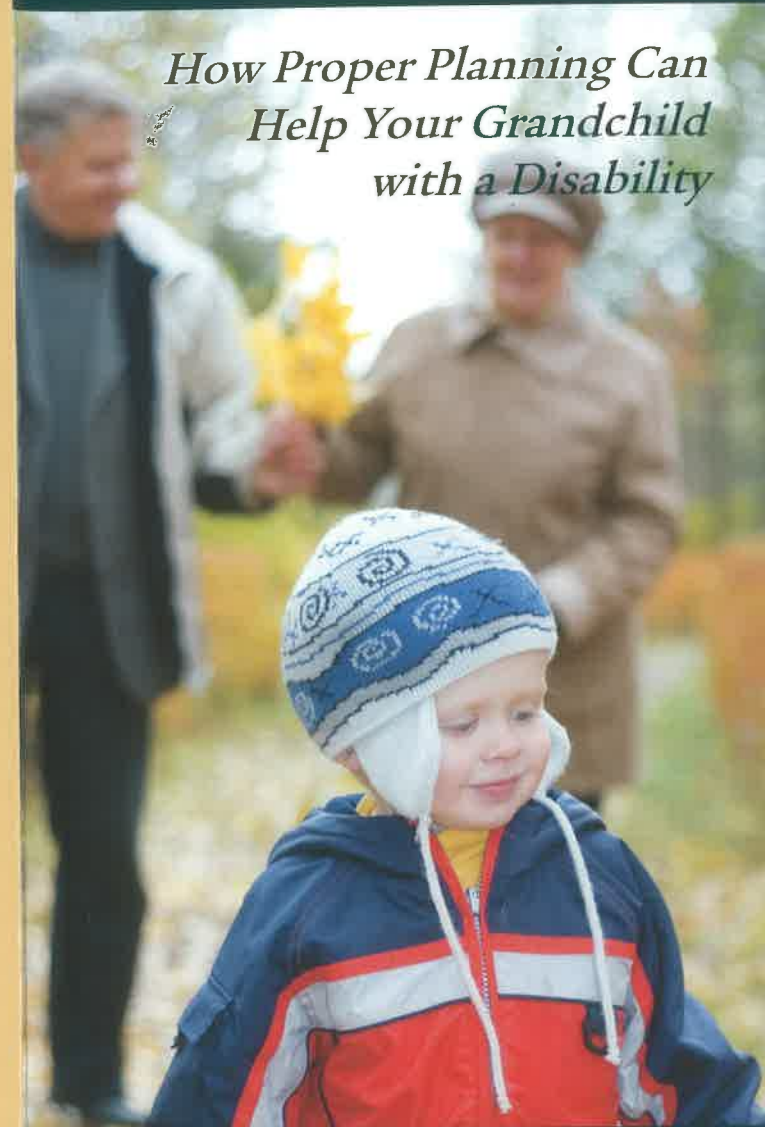


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WHAT CAN GRANDPARENTS DO?

*How Proper Planning Can
Help Your Grandchild
with a Disability*



HINKLE, FINGLES & PRIOR

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*Representing people with disabilities
and their families since 1974*

Understand That Parents of Children with Disabilities Have Additional Expenses and Concerns • There are major expenses resulting from having a child with a disability, including greater medical expenses not covered by insurance, the need for therapy and training not covered by government programs, ongoing responsibility for supervision which might not diminish as the child ages, worries about the impact on other children and worries about the child's future. The full emotional impact within a family is beyond the scope of this pamphlet, but here we describe important financial and legal issues that grandparents should know about as they endeavor to help their grandchildren with disabilities.

Gifts to a Grandchild with Disabilities Can Cause Serious Harm

Normally at age 18, your grandchild with a disability will become eligible for Supplemental Security Income (SSI) and Medicaid unless he or she has countable resources in excess of \$2,000. A savings account, savings bonds, and other investment vehicles will render your grandchild ineligible. SSI is a monthly cash benefit; Medicaid is both a form of health insurance and a funding source for adult services, such as supervised living arrangements and adult day programs.

Consider this actual case: "J." qualified for a special Medicaid program at age 13. Between then and when his parents applied for SSI at age 18, he consumed over \$1 million in medical benefits. A routine computerized search under his Social Security number by the Social Security

Administration revealed that \$15,000 in savings bonds had been purchased by J.'s grandfather. Although the bonds were unknown to his parents, J. was potentially ineligible for Medicaid and his parents were potentially liable to repay the \$1 million expended. The case was resolved favorably but not without considerable trauma.

Gifts Should be Made Directly to the Parents or to a Special Needs Trust

Keep things simple. Modest gifts at birthdays and holidays should be made to the parents, not to your grandchild. Larger gifts and inheritances should be made to a SNT.

What is a Special Needs Trust (SNT)?

Think of a trust as a cup. The parents or grandparents can establish it to hold future gifts and inheritances. If properly drafted, the assets in the SNT will not be counted as a resource or terminate eligibility for SSI and Medicaid. A SNT can help secure your grandchild's future and reduce pressure on the parents.

One Trust Per Family is Preferable

It is best that all family members use a single trust for the person with a disability. Multiple trusts can lead to arguments and confusion.

What Can a SNT Purchase?

A SNT is intended to supplement those needs that cannot be met through government or private programs for which your grandchild is eligible.

The SNT can be used to purchase virtually anything that will protect or enhance the lifestyle of your grandchild with a disability. It can purchase health care, additional therapy, education and training, vacations and recreation. A SNT can hold real estate in which your grandchild might live. It can even reimburse other family members for the care they provide or travel expenditures necessary to effectively monitor care.

What About Life Insurance?

Consider purchasing life insurance, not necessarily on a grandparent's life, but on the life or lives of the parents. If payable to or held by a SNT, this will serve several benefits: (1) relieve parents of the financial burden of setting aside assets for your grandchild with a disability; (2) help secure your grandchild's future; and (3) sometimes save estate taxes. Consideration should be given to joint survivorship life insurance (i.e., insurance on the lives of both parents). It is cheaper and highly useful.

