



Special Needs Trusts

PLAN of Massachusetts & Rhode Island, Inc.

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SPECIAL NEEDS POOLED TRUST: DISBURSEMENT GUIDELINES

## DISBURSEMENT OF FUNDS FROM SPECIAL NEEDS POOLED TRUST

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### Guiding Principles

All disbursements from the MARC Trust are subject to the following principles:

- **Sole Benefit:** Disbursements must be used for the sole benefit of the beneficiary. They are to enable the person to lead as comfortable, dignified, and fulfilling a life as possible.
- **Supplemental Needs:** The primary use of the funds is to supplement public benefits. Disbursements can be used to pay for things not covered by public benefits.
- **Payments to Third Parties:** Disbursements from the trust are paid to a third-party, either directly to vendors or to individuals who have made a purchase on the beneficiary's behalf. Trust beneficiaries do not have direct access to the funds and cannot receive payments directly to themselves.
- **Sole Discretion:** As the Trustee, PLAN has sole discretion in whether a payment is made from a beneficiary's Trust account. Neither the beneficiary nor any person acting for the beneficiary can demand that payments be made. This helps to ensure that disbursements are made on an objective basis; and that a beneficiary's account is used in a way that serves their long-term needs.

**Each disbursement request is evaluated independently; approval of one request does not guarantee the same or similar request will be approved in the future.**

## **SAMPLE DISBURSEMENTS / USES OF TRUST FUNDS**

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The following examples illustrate the types of appropriate disbursements that may be made for a beneficiary:

- Health and dental treatment and equipment that are not otherwise covered by insurance—or where out-of-pocket cost or deductibles are charged to the participant. This could include, for example, eyeglasses, supplemental nursing care, dietary supplements, rehabilitative services, or private therapy.
- Social services such as companion services, private case management, or household employees<sup>1</sup>
- Clothing and personal needs such as toiletries or haircuts
- Household items such as furniture, bedding, television, or microwave
- Communications such as internet service, mobile phone, and other devices
- Transportation such as chair-car service, taxi or transportation service rides, and adaptive vehicle purchases <sup>2</sup>
- Recreational and cultural items and activities such as travel, books, movies, and entertainment
- Education and training programs such as college courses, online learning, local lectures, and personal mentors and tutors
- Prepaid funeral and burial costs prior to death
- Veterinary bills for beneficiary's pet

For significant projects (including, but not limited to, household repairs or accommodation), you will be required to provide quotes from at least two different service providers.

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<sup>1</sup>Additional details about the [definition of Household Employees and the IRS publication](#) that provides guidance for their payment can be found on pages 8-9 of this guide.

<sup>2</sup> Using trust funds for the purchase of a vehicle requires additional steps, which extends the amount of time the request will take to be processed.



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## PROHIBITED DISBURSEMENTS/USE OF TRUST FUNDS

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The following are examples of prohibited disbursements:

- Reimbursements to the beneficiary
  - Cash
  - Payments to Beneficiary's Debit Card
  - Personal Needs Accounts (PNA)
- Gambling
- Alcohol
- Purchases made with gift cards.
- Weapons and/or ammunition
- Pornography
- Gifts to others
- Donations
- Each type of benefit (i.e.: **SSI, Section 8/subsidized housing**) has its own set of rules, which will be considered when making disbursement decisions. Your Service Coordinator will advise on what types of payments could impact your benefits.
- The Trust should not pay for items or services that are paid by, or eligible for payment by, another source.
- For beneficiaries who live in nursing homes or residential/group facilities, payment of the Patient Paid Amount or Group Living Environment rent is the responsibility of the beneficiary or his/her representative and is typically paid from the person's Social Security income. Trust funds should not be used to cover the Patient Paid Amount or Group Living Environment rent, as this could be construed as income.



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## **ADDITIONAL GUIDELINES FOR DISBURSEMENT / REIMBURSEMENT**

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Each beneficiary is assigned a Service Coordinator who provides guidance around the specific ways the trust account can be used to enhance their quality of life—while ensuring that disbursements do not undercut eligibility for public benefits. Together they create a spending plan, which will guide disbursements from the trust and be updated regularly, based on ongoing collaboration with the beneficiary and other relevant parties.

- Requests for disbursement/reimbursement are considered based on many factors including:
  - Government rules and regulations
  - A beneficiary’s unique financial situation (i.e., current, and future assets, income, earning capacity and needs, current account balance)
  - Current and anticipated needs for health, educational, social, and other services
- Purchases made using gift cards and store/merchant credit will not be reimbursed.
- If a purchase is being made outside of the beneficiary’s existing spending plan, we strongly encourage checking in with the assigned Service Coordinator prior to purchase to discuss and ensure the request can be approved.
- Submit disbursement requests as soon and as often as possible.
  - **All disbursement requests for payment or reimbursement must be made within 90 days of the purchase or service.**
- **Disbursements are not allowed after the death of the beneficiary.**
- **Because each request is evaluated independently, approval of one request is no guarantee the same or similar request will be approved in the future.**
  - If you have a question about whether an item or service is an appropriate disbursement, consult with your Service Coordinator.
  - If there is a problem with processing a disbursement request, your PLAN Service Coordinator may contact you for additional information.

**For more specific questions about disbursements, please call your Service Coordinator at 617-244-5552.**



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## DISBURSEMENT PROCESS & TYPES

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Authorization for Submitting Requests:

- A primary disbursement contact is named during the application process.
- To add/change the disbursement contact, please submit a written authorization from the beneficiary (or their legal representative).

Submitting a Disbursement Request:

1. The beneficiary (or someone they have authorized) submits a **Disbursement Request Form**.
2. An itemized receipt or unpaid invoice for the item(s) or service(s).
  - a. When possible, we ask that receipts, bills, and invoices include items and services only for the beneficiary.
  - b. Please do not write on the receipt. If a receipt contains purchases for someone other than the beneficiary or purchases that are not to be included as part of the request, please indicate this on the Disbursement Request form or attach a separate note.
3. Once a complete request has been received, PLAN reviews the request (and may discuss the request with the beneficiary or authorized representative prior to payment).
  - a. A complete disbursement request is processed and mailed from PLAN within 7-10 business days of receipt.

Disbursement requests may be made by:

- email to [billing@planofma-ri.org](mailto:billing@planofma-ri.org)
- fax at (617) 795-0589
- or mail: PLAN of Massachusetts and Rhode Island, Inc.

Two Adams Place, Suite 110

859 Willard St.

Quincy, MA. 02169

(Massachusetts and Rhode Island requests are processed at the Massachusetts office.)



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### **Types of disbursements from a PLAN Trust account:**

- Disbursement directly to a vendor, service, or provider
- Reimbursement for purchases on behalf of the beneficiary
- Payment of the beneficiary's credit card

**Directly to a vendor, service, or provider** (prior to making a purchase or paying for services):

- For payment to an outside vendor, a [W-9](#) is required to be on file per IRS regulations.

### **Reimbursement for purchases on behalf of the beneficiary**

1. **Payment by cash:** itemized receipt and Disbursement Request Form.
2. **Payment by credit card:** itemized receipt, proof of payment, and Disbursement Request Form.
  - a. *NOTE:* With credit cards at smaller retailers, sometimes the proof of payment is not itemized. On those occasions you must ask for a receipt that is itemized.
  - b. *NOTE:* Cash advances, late fees, and other finance charges in connection with credit card transactions as well as minimum payments are the responsibility of the cardholder who is also responsible for payments by the due date.
3. **Payment by check or debit card:** along with itemized receipt and Disbursement Request Form, submit a copy of the bank statement that includes:
  - a. Cleared check or transaction for debit card.
  - b. Names of account holders (beneficiary cannot be listed on the account)

*NOTE:* Other purchases, deposits, balances, and other personal information of the authorized representative may be redacted.



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## Payment of Beneficiary's Credit Card

If a beneficiary plans to use this own credit card to make purchases that will be submitted to the trust for payment, the beneficiary must first contact their Service Coordinator.

- Payments from the trust for purchases made with beneficiary's credit card are made directly to the credit card company, not the beneficiary.
- Only one credit card may be used for purchases.
- A copy of the credit card and one statement must be on file with PLAN.
- For each disbursement request:
  - a. In the section of the Disbursement Request Form, "Make Check Payable to," print the name and address of the credit card company you used to make the purchase(s).
  - b. Include the last 4 digits of the credit card number on the request form. PLAN includes this information in the memo line of the payment check, which the credit card company can use to ensure the payment is applied to the correct account.
- *NOTE:* PLAN is not responsible for late fees, interest, or other additional finance charges for any purchase, service, or reimbursement. It is the responsibility of the account holder to make minimum payments. It is also the responsibility of the account holder (beneficiary or legal representative) to abide by payment due dates.



## Key Notes from IRS Publication 926 (2019)<sup>i</sup>

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### *Who is a household employee?*

You have a household employee if you hired someone to do household work and that worker is your employee. The worker is your employee if you can control not only what work is done, but how it is done. It doesn't matter whether the work is full time or part time or if you hired the worker through an agency or from a list provided by an agency or association. It also doesn't matter whether you pay the worker on an hourly, daily, or weekly basis, or by the job.

### *What is household work?*

Household work is work done in or around your home. Some examples of workers who do household work are:

Babysitters	House cleaning workers
Butlers	Housekeepers
Caretakers	Maids
Cooks	Nannies
Domestic workers	Private nurses
Health aides	Yard workers

### *What are the implications of employing a household employee?*

If you have a household employee, you will need to comply with employment, labor, and tax laws. That may include withholding federal and state taxes, quarterly reporting of wages, registering with unemployment assistance, and purchasing workers' compensation, among other things.



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*Can funds from a special needs trust account be used to pay for "household work"?*

Yes, if the person performing household work is treated and paid as an employee in compliance with employment, labor, and tax laws. You can do this in one of three ways.

1. Identify an individual that you would like to hire, and that person can register with a home care or an employee of a company who serves as employer-of-record for professional fiduciaries.
2. Connect with a home care agency and hire someone who is an existing employee of that agency.

*For either of the options above, PLAN can supply contact information for companies that provide the identified services.*

3. You can serve as the employer-of-record. You would be responsible for following employment, labor, and tax laws, handling all aspects of employment administration, and assuming the liability of those in your employ. You would pay the employee and then seek reimbursement from the trust. If you choose this option, PLAN will require proof of employment.

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<sup>i</sup> The full text of IRS Publication 926 (2019) can be found at <https://www.irs.gov/pub/irs-pdf/p926.pdf>.