

CLOSING COSTS AND CLOSING-RELATED TAX PREPARATION FEES

When a Third-Party trust participant dies or a participant's account balance falls to a balance that is insufficient to cover costs and fees, PLAN will begin to close the trust account. The low balance benchmark is \$2,000. These costs and expenses will be deducted from the participant's account and include:

- Administrative fees of \$600 for closing the investment account and transferring funds into an escrow account; completion and filing of documents; communications with the trust participant or representatives of the deceased, with third party vendors regarding outstanding claims, and with relevant Medicaid agencies; preparation of final accountings and accounting to a court (where appropriate); and other actions required in connection with account closing.
- The final tax preparation fee is currently \$348. Upon the death of a trust participant, PLAN must prepare and file a Final Fiduciary Return (also known as a Form 1041). This document informs the Federal and State governments of the participant's death and the closing of the trust account.

FINAL DISTRIBUTIONS

Upon the death of a participant, any funds remaining in the account are distributed as follows:

1. Any remaining funds are distributed according to the instructions of the donor as specified in the Joinder Agreement.
2. No remainder funds are retained by PLAN, unless the donor has chosen to distribute a remainder share to the organization. If the donor chooses to distribute a remainder share to PLAN, the funds will go to PLAN's Community Fund to support people with disabilities (see Community Fund, p. 6 above).
3. There is no requirement to repay any public benefits that the beneficiary may have received during his or her lifetime.
4. Final disbursements will be made 14 – 16 months after the date of death. This timeline allows for tax statement preparation, and the one-year statute of limitations



Special Needs Trusts

for creditors' claims. No creditors' claims will be accepted or paid after the one-year period.

CONSIDERATIONS BEFORE ENROLLING

A Special Needs Pooled Trust is a valuable tool for supplementing public benefits and enhancing the quality of life for individuals with disabilities. At the same time, the administration of these trusts is governed by federal and state laws, which require that:

- The Trust is **irrevocable**; once an account is established, the participant cannot undo it.
- The Trust is **discretionary**; only PLAN can authorize a payment. Neither the participant nor anyone acting on behalf of the participant can require payments from an individual's account.
- The trust funds are used for the **sole benefit** of the participant; the funds in the account cannot be used for gifts or for the benefit of someone else.
- Payments from the Trust are made to **third-parties**, not to the participant. Appropriate documentation is required when requesting a payment.
- PLAN does not have a minimum deposit for establishing a Special Needs Pooled Trust; but, sufficient funds must remain in the participant's account at all times to cover costs and expenses.
- For relatively low balances, the enrollment and ongoing fees may undercut the benefit of a trust account. In those cases, a spend-down of assets might be a more appropriate route for the individual.

ENROLLMENT IN SNPT THIRD PARTY | WHAT TO EXPECT

The process for creating an account generally takes up to 3 weeks and includes the following steps:

Donor or donor's attorney submits a Joinder Agreement and enrollment fee.



PLAN legal counsel reviews the Joinder Agreement, and the Joinder Agreement is fully executed by a member of PLAN's Board of Directors.



If the account will be immediately funded, the donor submits check to fund the account.



PLAN submits new account paperwork and the check to the financial institution.



PLAN forwards account confirmation materials to the donor or donor's attorney.



A PLAN Service Coordinator contacts the donor and the participant to set up an initial meeting and to create the Life Care Plan.



Special Needs Trusts

REMEMBER—

The decision to join the Third-Party Special Needs Pooled Trust is an important one, and it deserves informed thought.

We strongly encourage anyone interested in establishing a Third Party Trust account to consult his/her own attorney or financial advisor.

Please contact us if you have questions or need additional information as you make your decision.