



Preserve Benefits and Protect Funds to Enhance Quality of Life

Presented by: NYSARC Trust Services

Vital Government Benefits

Mean-tested Benefits

- Supplemental Security Income (SSI) – cash payments for food and shelter
- Medicaid – health benefits, waiver programs, and long-term care services
- SNAP – food stamps
- HUD/Section 8 Housing

Earned Benefits

- Social Security Disability Income (SSDI)
- Child Disability Benefits (CDB) or Disabled Adult Child (DAC)
- Medicare



Supplemental Security Income (SSI)

- For people with limited financial resources
- Must be blind, disabled, or over age 65
- Eligibility for minors based on parent's income
- \$914/mth in 2023, higher in Congregate Care settings
- Limit on countable resources
- Earned and unearned income impact eligibility
 - In-kind support and maintenance, wages, alimony, child support, etc.
- Gateway to Medicaid eligibility
- \$1 of SSI automatically qualifies for Medicaid
- DAC benefits – subject to SSI resource limits if receiving SSI before DAC

[*2023 SSI and SSP Maximum Monthly Benefit Levels Chart \(ny.gov\)](#)



Medicaid/Medicaid Buy-in

- Medicaid provides services from OPWDD, DOH, and OMH
- Health benefits, supports, respite, and long-term care services
- Financial limitations for aged, blind and disabled
- Medicaid Buy-in Program
 - Higher income limits (250% FPL)
 - Same asset limits as of 2023
 - Eligible up to age 65
- Exempt Assets – home, primary vehicle, retirement accounts, etc.



2023 Resource/Asset Limits

For someone on Supplemental Security Income (SSI) benefits, receiving any more than \$2,000 could jeopardize that person's eligibility for benefits.

	SSI/SSP Resource Limits	Medicaid/ Buy-In	2022 Asset Limit
Single	\$2,000	\$30,182	\$16,800
Married Couple	\$3,000	\$40,821	\$24,600

**2023 SSI and SSP Maximum Monthly Benefit Amounts reflect 8.7% COLA increase*

Examples of Excess Resources:

- Social Security retroactive benefit payment
- Direct inheritance
- Settlement award (lump sum and structured payments)
- Unspent funds and assets accrued from:
 - SS Survivor's benefits/DAC benefits
 - Wages and/or unemployment benefits
 - Other windfalls and monetary gifts



2023 Medicaid Income Limits

Income received by an individual and placed into a SNT in the same month will be disregarded for Medicaid eligibility purposes.

	Non-MAGI Income Limits	Medicaid Buy-in (250% FPL)
Single	\$1,697/mth	\$73,932/year earned income
Married Couple	\$2,288/mth	\$99,636/year earned income

**All sources of earned and unearned income.*

**[NYS Income and Resource Standards for Non-MAGI Population](#)
Effective January 1, 2023*

Examples of Monthly Income:

- Social Security Disability (SSDI)
- Social Security Retirement (SSA)
- Pension
- IRA distributions
- Wages (Medicaid Buy-in Recipients)



What to do to prepare?

- ✓ Update contact information
- ✓ Respond to any mail or email from Medicaid
- ✓ Two attempts to locate before coverage is discontinued
- ✓ Do you meet financial eligibility requirements?
 - Did you stop paying a spend-down?
 - Received or accrued funds that exceed the resource limit?



Different Tools to Plan for the Future

- Special Needs Trust (SNT) – d4A trust
- Pooled Trust (PSNT) – d4C trust
- ABLE Account
 - onset of disability prior to age 26
 - limit of \$17,000/year



Purpose of a Special Needs Trust

- Qualify for means-tested government benefits
- Avoid going over Medicaid and SSI financial limits
- Preserve future financial eligibility for benefits
- Save money without losing benefits
- Plan for future wants and needs
- Provide means to improve quality of life



What is a Special Needs Trust?

- Irrevocable trust to protect benefits
- Trustee manages assets for benefit of person with a disability
- Allowable under Federal and State statute
- Reduces countable income and assets for benefit eligibility purposes
- Funds intended to supplement benefits



Who Can Fund a Trust?

- **First-Party Special Needs Trust**

- Funded with the person's own money
- Direct inheritance, settlement proceeds, retroactive benefits payments, wages, etc.
- Medicaid payback at death

- **Third-Party Special Needs Trust**

- Funded with money or assets that belongs to someone else
- Proceeds from estate, life insurance, retirement benefits, etc.
- No Medicaid payback



First Party Supplemental Needs Trust

- For people **under age 65** who need to protect income or assets
- Excess income or assets
- Must be **irrevocable** with a Medicaid payback provision
- Funds used for “sole” or “primary” benefit of trust beneficiary
- Flexibility to dictate trust terms and investment strategy
- Need to select a trustee, successor trustee?
- Engage professionals for financial management and tax preparation



First Party Pooled Trust

- Protect income and assets **even over age 65**
- Managed by a non-profit trustee, financial institution as co-trustee
- **Irrevocable** supplemental needs trust
- Sensitive to needs of beneficiaries and knowledgeable in gov't benefits
- Funds pooled for investment and management purposes
- Low cost to set up and maintain
- Trust documents approved by SSA and Medicaid
- Generally, accepts cash-based assets
- Funds typically retained by non-profit at death for people with disabilities



Third Party Special Needs Trust

- Funded with money from someone other than the person with a disability
- Does not require Medicaid payback
- Created during Donor's lifetime or under your Will
- Leave money without jeopardizing SSI or Medicaid benefits
- Standalone Trust or Pooled Trust



Trust Administration

- All disbursements must be for **primary benefit** of the trust Beneficiary
- Each request reviewed individually to **consider impact on benefit eligibility**
 - **SSI recipients** - disbursements for food and shelter will cause a reduction in monthly SSI payment
 - **Minors** - trust cannot pay for items that are considered a parent/Guardian's obligation to provide
- Disbursements must be substantiated by supporting documentation
- Disbursements are paid directly to third parties (individuals or a business)
- No cash withdrawals or payments directly to beneficiary, their spouse, or Guardian
- 1st Party - No disbursements can be made after death in accordance with Federal SSA POMS policy
- 3rd Party - May pay reasonable funeral expense for the beneficiary after death
- Distributions are made at the sole discretion of the trustee



Examples of Eligible Disbursements

*For SSI recipients, payment for food and shelter items may reduce benefits

- Rent/Mortgage/Property Taxes*
- Condo maintenance*
- Home/Renters Insurance*
- Home repairs/maintenance*
- Utility bills*
- Phone and cable bills
- Furniture
- Groceries for beneficiary*
- Transportation/Vehicle expenses (owned by Beneficiary)
- Irrevocable pre-need funeral plan
- Uncovered Medical Expenses/OTC items
- Therapy/Companionship services
- Travel/Entertainment/Recreation
- Other personal needs



Prohibited Disbursements

- Cash to beneficiary or bank accounts
- Items for others (primary benefit)
- Leases between spouses
- Capital improvements to property not owned by Beneficiary
- Both rent and mortgage/property taxes, etc.
- Items covered by government benefits (e.g. food and shelter for SSI recipients)
- Alcohol, tobacco, firearms, illegal activity, bail, restitution
- Disbursements after death of Beneficiary



ABLE Accounts

In 2014, congress passed the [Achieving a Better Life Experience \(ABLE\) act](#) and these accounts are a viable option in addition to, rather than instead of, a trust.

- Save funds for disability related expenses
- Person must be blind or disabled before the individual's 26th birthday
- Account owned by the eligible individual or designated representative
- Responsibility of the account holder to maintain records of purchases
- Money grows tax-free when spent on qualify disability expenses
- Limited to one ABLE account
- First AND third-party money subject to Medicaid payback



ABLE Account Contributions

- Contribution limit \$17,000/year from any source (individual, third party, or a trust)
- Higher limits if a person is working and not contributing to a retirement account
- For excess resources
- May be rolled over from a 529 college savings account
- Does not reduce countable income for Medicaid or SSI
- Account balance cannot exceed \$100,000 without affecting SSI eligibility



[SSA - POMS: SI 01130.740 - Achieving a Better Life Experience \(ABLE\) Accounts - 05/09/2023](#)



What can an ABLE Account pay for?

Funds in an ABLE account can pay for qualified disability expenses related to a person's blindness or disability. Some examples include:

- **Housing and basic living expenses**
- Transportation
- Education
- Health and wellness expenses
- Employment training and support
- Financial Management
- Legal Fees
- Assistive Technology
- Personal support services
- Funeral and burial expenses

Distributions from an ABLE Account for non-qualified expenses may be taxable if audited.



ABLE Account Resources

- SSI recipients, review the [POMS](#)
- [ABLE National Resource Center \(ablenrc.org\)](#)
- [Compare Plans by State](#)
- [Tool to Compare Features of up to 3 programs](#)



Quick Comparison – SNT vs. ABLE

Special Needs Trust

- Onset of disability at any age
- Can have more than one account managed by trustee
- Can protect excess resources and income
- No limit on how much you can contribute
- No limit on account balance
- Investment options typically more flexible
- Pooled trust according to investment policy
- Does not grow tax-free
- Medicaid payback on first party
- No Medicaid payback for third party

ABLE Account

- Onset of disability prior to age 26
- Only one account owned by designated beneficiary
- Trusted individuals can help with account management
- Does not reduce countable income for benefit purposes
- \$17,000/year annual contribution limit from any source
- Account balances greater than \$100,000 may reduce SSI benefits
- \$520,000 account balance maximum in NY
- Grows tax-free – investment options may be limited
- All funds subject to Medicaid payback, even from third parties



Sally is 31 years old and blind

Sally is blind and receives Medicaid and SSI benefits and lives in a low-income apartment.

Sally's mother recently passed and left her an inheritance of \$200,000. To maintain her benefits, the bulk of the money is put into a pooled trust and a portion goes into an ABLÉ account.

The funds in the ABLÉ account give her direct access to money throughout the month and can help supplement her rent payments. She intends to use the funds in her trust account for education and to go on vacation.



Lisa is 45 years old with a TBI

Lisa is 45 years old. She was recently disabled in an accident and now utilizes a wheelchair. She receives Social Security Disability benefits and Medicaid home care services.

Her SSDI is a little over the Medicaid limit, so she deposits her excess income into a pooled trust each month to maintain her benefits.

She is receiving a large settlement from a personal injury lawsuit. She is not eligible for an ABLÉ account since she was disabled after age 26, however, she can deposit the funds into her existing pooled trust or establish a standalone SNT.



John is 26 years old with a developmental disability

John has a developmental disability and receives Medicaid and SSI benefits. He lives at home with his parents and works part-time at the local grocery store.

He drives to work and occasionally needs money for gas, food, and other personal items. Despite those expenses, his bank account occasionally goes over the \$2,000 resource limit.

He opens an ABLE account to make periodic deposits to keep his bank account below the limit and maintain his SSI cash payments. The ABLE account is inexpensive and provides flexibility with direct access to funds for monthly expenses.



Contact us with questions!

If you have additional questions following today's presentation, please contact us at:



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