

**~ BREAK THE CYCLE ~**

**STOP Spend Downs to Save Benefits**

**Change Your Approach to Consumer Funds Management &  
Improve Outcomes for Those In Your Care**



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**Thomas Tirney, CFA, CMT, ChSNC**  
**Arlington Heritage Group, Inc.**

# Arlington Heritage Group



*Celebrating*  
Over 30 Years of Service



## **Thomas G. Tirney, CFA, CMT, ChSNC** **President, Arlington Heritage Group, Inc.**

Tom joined Arlington Heritage Group, Inc. in 2007, bringing years of financial and investment management experience to the executive team. He has grown the company into a national trust administrator serving non-profits and human service providers. Arlington Heritage Group's trustees and providers oversee more than \$50 million in client funds.

Prior to joining in 2007, Tom worked at a variety investment companies including American Century Investments, Neuberger Berman and Standard & Poor's.

Tom has a B.S. in Business Administration from Boston University and holds designations for Chartered Financial Analyst (CFA), Certified Market Technician (CMT) and Charter Special Needs Consultant (ChSNC).

# Arlington Heritage Group



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Arlington Heritage Group is a family-owned and operated business. Since 1986, its mission has been to offer convenient and low-cost financial services to the I/DD Community.

Arlington Heritage Group offers financial planning solutions through The Provider Trust, Special Needs Pooled Trust and its Irrevocable Burial Trust program.



## **The Provider Trust**

The Provider Trust enables non-profit providers to maintain and build an individual's assets without jeopardizing eligibility for benefits.



## **Irrevocable Burial Trust**

The Irrevocable Burial Trust is a Pre-Need planning tool for families and providers.



# Caring For Individuals In Your I/DD Community

- Health & Wellness
- Community Inclusion & Integration
- Providing Quality Of Life Outcomes
- Advocacy & Self Determination
- Creation/Execution ISP's
- Focusing on Ability
- Employment

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**WHAT ABOUT CONSUMER FUNDS MANAGENT & STRATEGY  
THAT WILL BENEFIT CONSUMER AND AGENCY**



# Most Common Pain Point In Consumer Funds Management

**When a consumer's personal account is about  
to exceed or is over their resource limit.**

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**TRIGGERING A SPEND DOWN**

# Break The Cycle

Stop Spend Downs  
To Save Benefits

Strategically Manage  
Consumer Funds To  
Safeguard Benefits



# **UNDERSTANDING EXEMPT RESOURCES**

# Exempt Resources In SSA POMS



- **Cash Resources**- up to \$2,000
- **Assets** – an individual's house, an individual's automobile, personal effects, keepsakes, jewelry, income
- **Life Insurance** – face value **OR** paid-up value, \$2,000 or less
- **Funeral Arrangements** – cemetery plot, irrevocable pre-paid burial, reserve accounts of \$2,000 or less
- **Other** – Educational Grants, Health Savings Accounts, Medical Savings Accounts, More...

# Exempt Resource Financial Tools



## These Financial Tools **DO NOT COUNT AGAINST A RESOURCE LIMIT**

- **Irrevocable Burial Account** – approximately \$15,000
- **Special Needs Trusts** - no limit on assets
- **Special Needs Pooled Trusts** – no limit on assets
- **ABLE Accounts**– \$18,000 per year, \$100,000 cap before benefits are affected and a lifetime cap which differs by state

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**SIMILAR BUT NOT EQUAL**

# Exempt Resources Tools In SSA POMS



• Checking Account	\$800
• Irrevocable Burial Account	\$10,000
• Special Needs Pooled Trust	\$7,500
• ABLE Account	<u>\$1,200</u>
<b>Total</b>	<b>\$19,500</b>

**The consumer's net worth is close to \$20,000 but benefits are safe because all but \$800 are in exempt resource accounts.**

# NEEDS FOR EXEMPT RESOURCE

- Social Security Administration Retro-Pay
- Court Award
- Inheritance
- Family Financial Planning
- Employment / Income
- Minimal Hits to the Resource Limit



# Exempt Resources: Trusts & ABLE

JT typically exceeds his resources limit by an average of \$250+ per month -

## Annual Checking Account Activity

<u>Month</u>	<u>Account Balance</u>	<u>Needed Spend Down</u>
Jan	\$ 2,322	\$ 322
Feb	\$ 2,231	\$ 231
Mar	\$ 1,998	\$ -
Apr	\$ 2,232	\$ 232
May	\$ 2,382	\$ 382
Jun	\$ 2,168	\$ 168
Jul	\$ 2,362	\$ 362
Aug	\$ 2,286	\$ 286
Sep	\$ 2,316	\$ 316
Oct	\$ 2,296	\$ 296
Nov	\$ 1,962	\$ -
Dec	\$ 2,268	\$ 268

Average Trust Balance - \$2,235

Average Spend Down - \$286

## Key Findings

- He lost \$2,863 for the year due to needed spend downs
- A trust administrative & custodial fee of 2.5% would equal \$128 for the year, paid for by consumer
- **JT's potential account balance without needed spend downs would be \$5,131**

## Net Results with Using A Trust or ABLE Account

- **JT has spent \$128 to save \$2,863**
- Now JT can save for goods & services to improve & enrich his life, such as:
  - Computer/iPad
  - Vacation
  - Assistive Technology
- Staff's time was saved from having to make spend downs
- Agency's time saved in not having to reinstate consumer's lost benefits.

**UNDERSTANDING  
EXEMPT RESOURCES  
IN DETAIL**

# Exempt Resources: Funeral Accounts



## What Does The Social Security Administration Want?

### PREPAID BURIAL ARRANGEMENT

- The trustee is not permitted to pay for an individual's final expenses **before** the State.
- A purchased prepaid burial arrangement while the individual is alive is an appropriate expenditure.
- The arrangement needs to meet certain requirements (i.e., funds irrevocably paid to the funeral director).
- Burial space items are excluded: plots, headstones, etc.
- Be aware that an irrevocable "burial reserve account" will not meet this requirement (i.e., no purchase made) and still counts as a resource for SSI purposes (up to \$1,500 may be excluded).

***"Have a pre-paid funeral and make it irrevocable."***



# Exempt Resources: Trusts & ABLE

- **Similar Instruments**
- **Maintain Eligibility**
- **Flexible**
- **Qualified Distributions**
- **Each Have Their Own Limitations**

# The ABLE Act: ABLE Accounts



<https://www.ablenrc.org/>

- **Achieving a Better Life Experience Act**
- **Federal law, implemented by the States**
- **Qualified Savings Account; Preferred Tax Treatment**
- **Exempt resource as per SSA and MA**

# Guidelines



- Account holder disabled by Title II or Title XVI SSA
- Disabled before age 26 (this will raise to 46 in 2026)
- One ABLE account per person
- Person, parent, guardian or POA may open account
- \$18K per year; max at \$100K or benefits affected
- Upon death of accountholder, funds can be claimed by MA

# Special Needs Trusts and Pooled Trusts

- **D(4)a vs D(4)c**
- **One Trustee, One Account vs. One Trustee, Many Accounts**
- **Both can be created by parent, grandparent, guardian, court or the individual.**
- **No max for either.**
- **D(4)a can be expensive, tends to be for estate planning**
- **Upon death of accountholder, SNT funds can be claimed by MA for a D(4)a.**

# Special Needs Pooled Trusts: Legal Guidelines



- The Trustee must be a non-profit 501(C)(3) entity
- Individual with the trust account must be disabled as per SSI criteria
- Individual trust must be created by a parent, grandparent, guardian, court, or the person him/herself.
- Funds placed into the trust must be irrevocable and therefore do not count as an SSA resource.
- Money in the trust can only be used for the sole benefit of the individual
- Upon death of accountholder, SNPT funds CANNOT be claimed by MA

# Permissible Distributions

## Some Examples of Permissible Distributions That Benefit The Individual

- Appliances (plus maintenance/repairs)
- Dental & Optometry
- Bus Pass/Public Transportation
- Clothing
- Courses & Classes
- Education, Classes, Computers
- Elective Surgery
- Furniture & Home Furnishings
- Musical Instruments/Lessons/Supplies
- Over The Counter Medications (including vitamins and herbs, etc.)
- Pets & Pet Supplies
- Tickets to Concerts & Sporting Events
- Travel, Vacations, Day trips



# Comparisons

	<b>ABLE Accounts</b>	<b>Special Needs Trust (d)(4)(a)</b>	<b>Special Needs Pooled Trust (d)(4)(c)</b>
<b>Beneficiary</b>	Named Person with disability eligible for SSA services	Named Person with disability eligible for SSA Services	Named person with disability eligible for SSA Services
<b>Settlor</b>	Individual, parent, or third party	Parent, grand, guardian or court of law	INDIVIDUAL, parent, grand, guardian or court of law
<b>Trustee</b>	No Trustee; any individual including beneficiary, parent, others that have guardian status or power of attorney	Any individual, corporate, or non-profit institution	Non-profit institution
<b>Legislation</b>	ABLE Act, 2014	OBRA Act 1993	OBRA Act 1993
<b>Source of Funds</b>	Individual's assets, parent's, third-party	Individual's assets, parent's, third-party	Individual's assets, parent's, third-party


# Comparisons

	<b>ABLE Accounts</b>	<b>Special Needs Trust (d)(4)(a)</b>	<b>Special Needs Pooled Trust (d)(4)(c)</b>
<b>Age</b>	Disabled by age 26	No age restriction Except 65+	No age restriction Except 65+
<b>Assets</b>	\$18,000 per year	No max or cap	No max or cap
<b>Distributions</b>	Sole benefit Qualified expenses	Sole benefit Not otherwise reimbursed by SSA or Medicaid	Sole benefit Not otherwise reimbursed by SSA or Medicaid
<b>Impact on Benefits</b>	Not a resource, up to \$100,000	Not a resource 65+ look back for Medicaid in some cases	Not a resource 65+ look back for Medicaid in some cases
<b>Death of Beneficiary</b>	Payback to state for Medicaid funded services	Payback to state for Medicaid funded services	Partial or no payback to state for Medicaid funded services. Remainder funds to be used for other individuals in the trust who are disabled by SSA criteria

# Special Needs Pooled Trusts Vs. ABLE Accounts

## SNPT

## ABLE Account

 A fully compliant and transparent business-to-business solution		Individuals go it alone. Providers do not have easy access to this financial tool
 Individual accounts can be established by a parent, grandparent, guardian, court or individual		 Can be established by a parent, power of attorney or individual
 Managed by the provider, supported by Arlington Heritage Group		Managed by individual, parent or power of attorney, not the provider
 Age of disability is irrelevant.		Must be blind or disabled prior to age 26
 No maximum annual contribution		Annual contribution maximum is \$18,000
 Withdrawals can be made for any expense that benefits the person and is not taxable		 Qualifying expenses are tax free, non-qualifying expenses result in regular income tax plus 10% surcharge
 No maximum limits for Medicaid or SSI		SSI benefits will be suspended for accounts having \$100,000 or more
 Trust distributions do not count as income and are not taxable		ABLE distributions do not count as income for Medicaid/SSI, but may still be taxable income
 Not subject to DHS/Medicaid payback		Subject to DHS/Medicaid payback

- Age Limitations
- Annual/Lifetime Contribution Restrictions
- Tax Implications
- SSI Eligibility Issue
- Medicaid Payback

# BEST FINACIAL TOOL FOR AN AGENCY

*Putting Strategy Into Consumer Funds Management*

# Special Needs Pooled Trusts As Strategy

## When You Use a Special Needs Pooled Trust as a Repository for Excess Consumer Funds:

- Break the cycle of spend downs
- Save staff's time and attention
- Help to ensure the continuity of benefits
- Create a pathway for consumers to save money and spend it how and when they choose

# Special Needs Pooled Trusts As Strategy

## Creating an Endowment Feature for Future Needs

- The law was especially written for you to do this!
- A special needs pooled trust are not obligated to payback Medicaid
- When a consumer passes away, their funds remain in the trust as “remainder money”
- Remainder money is used at the agency/trustee’s discretion, spending on individuals within its I/DD community that are deemed disable via SSI criteria

# Special Needs Pooled Trusts As Strategy

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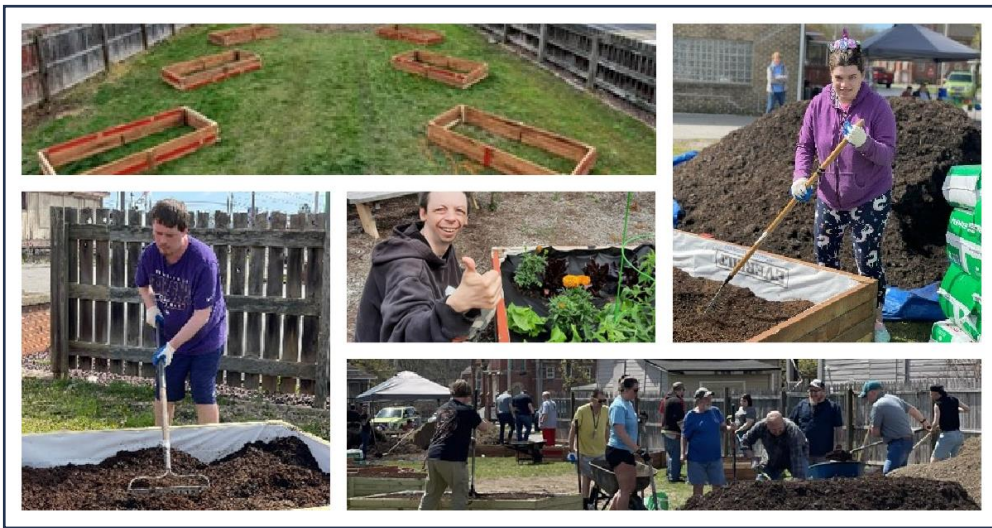
# Pooled Trust In Action

We are seeing trustees becoming strategic with their use of remainder spends.

We are seeing more targeted approaches to supporting consumers in group homes by marshalling remainder funds to create greater accessibility and independence with things such as:

- Ramps
- Medical Devices
- Dental Services
- Specialized Equipment
- Barrier Free Systems (Lifts)
- Carpet to Tile Changes
- Anti-Scalding Valve
- iPads for Communication  
(assisted technology)

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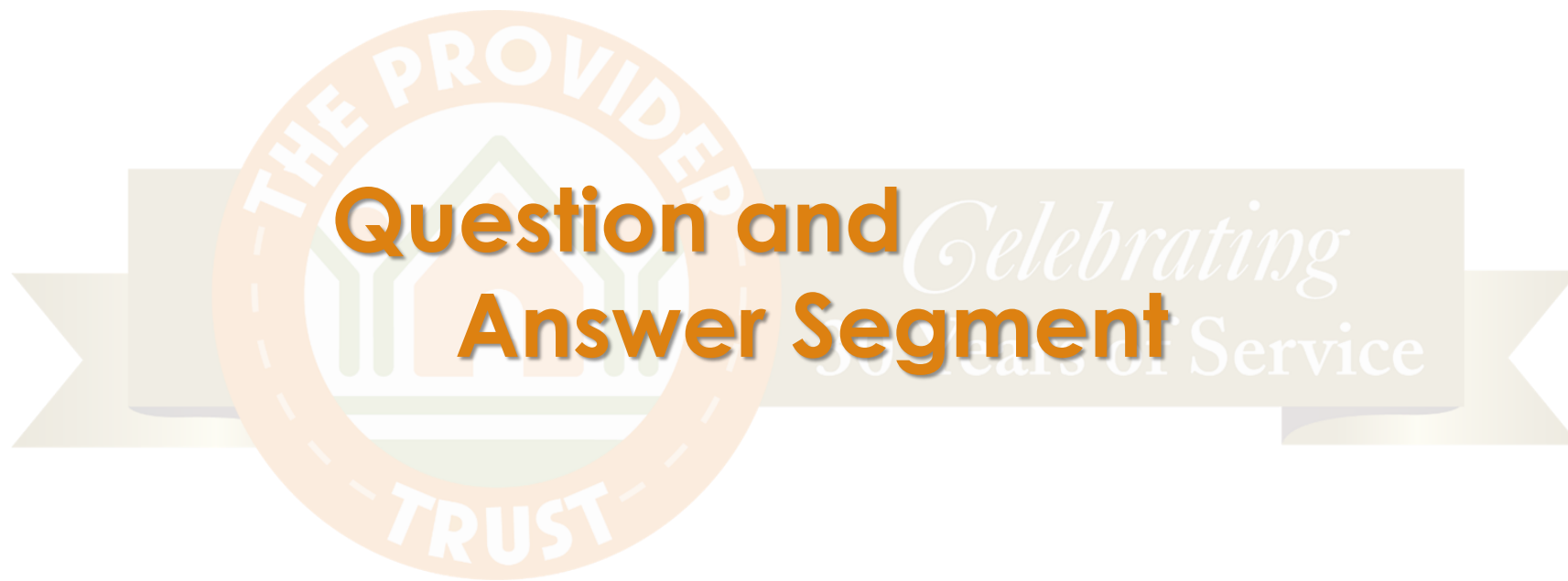


## Tapping Into a Trustee's Innovation with Special Needs Pooled Trust's Endowment Feature

Like most I/DD providers, Threshold Residential Services' goal is to enhance the lives of people with developmental disabilities and their families by providing individual-specific services, developing community engagement and promoting community inclusion.

One way they are fulfilling that purpose is through the creation of a community sensory garden that provides a safe and relaxing space used by their residents. Inclusivity is a foundational element for this beautiful and interactive garden as it inspires and brings the community together to create a space that can be enjoyed by all.

The garden is used by the agency's residents and established opportunities for community inclusion and interactions.



# Thank You



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