

# Don't Need Government Benefits?

Create a Financial Strategy As Though You Do.

**If you have a child with special needs who's nearing adulthood, you may hear that you should take precautions to protect eligibility for government benefits. But what if you don't want or need those benefits for your child?**

“Even if you believe you have plenty of money to care for your child,” says Lea Bancroft, MSFS, CLU, ChFC, ChSNC, a Special Care Planner associated with MassMutual Rochester in Rochester, New York, a general agency of Massachusetts Mutual Life Insurance Company (MassMutual), “you just never know what the future will bring. The economy fluctuates and affects investments. Your own health, personal expenses, or employment situation may impact your savings or earnings. You may underestimate the long-term cost of supporting your child, especially with the ongoing development of new medications and medical advancements that are enabling persons with special needs to live long lives. You need to consider that your child could outlive you – and your wealth – and create a strategy in such a way that if your child should need government benefits, he or she will be eligible to receive them.”

## THOROUGHLY EXAMINE YOUR SITUATION

When developing a strategy, Bancroft explains there isn't one answer for everybody. As a Special Care Planner, she's found it's best to begin by digging deep with parents to determine all the issues the family faces. She also asks them, “What are your dreams and hopes and wishes for your child – and for yourself as well? How might we help you manage your issues and see your dreams happen?”

Doing a full fact-finding review is critical to a successful family strategy. She'll look at what's being done to help secure a better financial future for your child, and what you might unintentionally be overlooking. She'll get to know all aspects of your child – his or her current and potential

needs for personal, emotional, intellectual, medical, and financial support, such as personal interests and hobbies, education and Individual Education Plans, desire for higher education or job training, employment or desire to work, personal money and financial support, social activities, and health issues.

Your child's financial strategy might include a first party special needs trust where earnings from a job could be allocated or a third party special needs trust to be funded by a life insurance policy on one or both parents' lives, for example, or by inheritances bequeathed through wills, as well as gifts of money given to the child. These trusts can ensure that money isn't held in your child's name so eligibility for government benefits isn't jeopardized.

## DON'T OVERLOOK YOUR OWN NEEDS

While considering a strategy for your child's financial wellbeing, don't ignore the needs of yourself and other children you may have. A separate family strategy can ensure that funds you intend to use for your own support, such as your retirement account or educational savings, won't be used for unexpected medical expenses for your child with special needs, for example.

“Your strategy should include a variety of products and additional investments to meet your family's needs,” says Bancroft, “such as savings for college, retirement, major purchases, and emergencies, long-term care, and life insurance, and wills and other legal documents that can ensure your intended distribution of wealth and legacies for your children or others.”

“Take your emotional health into consideration, too,” suggests Bancroft. “You want to make sure your child has lifelong financial support, but he or she is also relying on you

for more than that. You are your child's safety net. You don't want holes in that net. Find ways to keep from burning out. Manage your stress. Support for families with special needs isn't centrally located; you can't go to one place for all the answers, but it's out there in bits and pieces." Special Care Planners like Bancroft have additional training to understand your challenges and have built strong networks of support. They can direct you to many sources you may need.

## CONSIDER A GUARDIANSHIP

When a child becomes a legal adult, parents no longer have the right to make decisions on the child's behalf, including medical decisions even if the child is incapable or incapacitated to decide for his or her self. Naming a guardian (who could be a parent) gives that person the right to protect the child and approve certain activities, such as entering into contracts. A guardian can also ensure the child's eligibility for government benefits is maintained. And a guardianship can be revoked.

"It can be an expensive and complicated process to be named a guardian after your child turns 18," warns Bancroft. It's best to begin learning about guardianships when your child first becomes a teen; avoid last minute action.

## OTHER THINGS TO CONSIDER

### Education

Might your child continue his or her education? Research schools early and know what the costs will be so you can incorporate this into your child's strategy. Additionally, many schools and colleges offer special programs regarding financial aid and personal assistance for children with certain disabilities. And some trade schools may offer extra help. "You won't always know what's available unless you specifically ask," says Bancroft.

### Housing

Where might your child live during adulthood? There are so many options available now. Know what's available and what you need to do to prepare for your child to live there,

emotionally as well as financially. "If your child is medically frail, you may have to get on a waiting list for the housing you need," explains Bancroft. "Lists can be long, and your child's name may take years to reach the top, so you need to be open to alternatives."

## Transportation

Will your child be able to travel for work, shopping, medical appointments or social events independently? Will he or she own a vehicle, travel by public transportation, or rely on you for transportation. "When developing a financial strategy, consider potential expenses throughout your child's life," says Bancroft. "Some options can be quite costly. For example, a used van built to accommodate a wheelchair lift could cost \$40-50,000 plus another \$15,000 for a lift, and you may need to purchase a number of vans during your child's lifetime."

## Medical expenses

Your current medical expenses can give you a sense of future costs, keeping in mind that inflation and age or diminishing health could increase costs over time. Know what's not covered by medical insurance plans and try to prepare for potential loss of insurance or new policies that offer different coverages. "Many people with health insurance plans offered by their employer are unaware that the plan may continue to cover a child with special needs beyond age 18," explains Bancroft. "You must request this benefit in writing before your child turns 18."

## Plan for the worst, hope for the best

You may believe now that your child will never need government benefits, but in reality, you just don't know. Your future's unpredictable. And so is your child's, especially in the years when you're no longer able to provide care, guidance, and support. Creating financial strategies for your child with special needs and yourselves and other children offers some security and peace of mind. "It's all about building bridges and managing detours," says Bancroft. "Plan ahead and be prepared."



The SpecialCare program provides access to information, specialists and financial products and services that can help improve the quality of life for people with disabilities and special needs. The program's holistic approach involves a person with special needs' network of advisors, including a Special Care Planner or other financial professional that specializes in working with special needs, in the development of a life care plan that can help the person with special needs maintain the lifestyle that he or she needs.

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