

# Reasons for a Trust

## Understanding Government Benefits



*Individuals with disabilities and their families face significant challenges in planning for their future. ACHIEVA Family Trust, a member of the ACHIEVA family of organizations, serves as trustee of several kinds of trusts benefiting individuals with disabilities. Established in 1998 to address parents' wishes to protect their children's futures, ACHIEVA Family Trust now serves more than 2,100 individuals, providing peace of mind to individuals with disabilities and their families.*

### REASONS FOR A TRUST

An individual with a disability may need a variety of lifelong community supports to optimize his or her quality of life. Those supports often include medical care, early intervention services, in home care, community living arrangements, supported work environments and respite care.

Under the Social Security Act, a person is entitled to receive government assistance for those supports and services as long as the person has:

- A disability as defined by the Social Security Act;
- Monthly income below certain levels; and
- Assets of less than \$2,400 if the person is receiving nursing home care or \$2,000 if not in nursing home

“Assets” include all resources, with the exception of a few categories. If a person has assets over the permitted levels, he or she will be ineligible for all means-tested government benefits. Even assets as modest as savings and checking accounts can result in ineligibility or loss of benefits. In order to allow a disabled individual to retain access to funds in excess of the maximum asset allotment, a trust can be created for their benefit. The assets in a trust do not count for purposes of calculating whether the person has too many assets to qualify for government benefits and services.

ACHIEVA Family Trust operates Third Party, Pooled and Payback Trusts to accommodate an individual's specific situation, and distributes trust funds to increase an individual's quality of life while preserving eligibility for essential government services. ACHIEVA Family Trust also adds valuable social work expertise to the traditional role of corporate trustee.

The decision regarding when to establish a trust is based on several factors, but some of the most common reasons for establishing a trust are:

- When family members are developing their estate plans
- When family members want to save for the future of an individual with a disability
- When an individual with a disability has too many assets to remain eligible for essential government services
- As children with disabilities transition into adulthood
- When Social Security accounts become too large

The services of ACHIEVA Family Trust are available to individuals with disabilities and their families in Pennsylvania and other states. Representatives are also available to speak to professional advisors and family groups concerned with financial and estate plans that include people with disabilities.

For more information, contact Amy Dolan Strano, Esq., President at (412) 995-5000 x405 or via email at [adstrano@ACHIEVA.info](mailto:adstrano@ACHIEVA.info) or Michelle Sipple, MEd, Vice President at (412) 995-5000 x479 or via email at [msipple@ACHIEVA.info](mailto:msipple@ACHIEVA.info).

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### **UNDERSTANDING GOVERNMENT BENEFITS**

A disabled individual may participate in any number of local, state, or federal benefit programs, but the four main programs are Social Security Disability Income, Supplemental Security Income, Medicare, and Medicaid.

#### **Social Security Disability Income (SSDI)**

SSDI is a federal program designed to replace lost income because of a physical or mental disability that prevents an individual from engaging in gainful employment. SSDI pays monthly benefits to eligible disabled workers and their dependents. Eligibility for SSDI is earned by participating in Social Security or being the dependent of a Social Security insured worker. To be eligible for SSDI an insured worker must have earned a minimum required income for at least 40 quarters. The amount of the benefit is based on the career earnings of an insured worker. SSDI benefits are not based on need, and there is no asset test for eligibility.

#### **Supplemental Security Income (SSI)**

SSI is a federal welfare program which, in Pennsylvania, is supplemented with state funds. Eligibility for SSI automatically makes the recipient eligible for Medicaid. Those who are eligible for SSI include the aged, blind, disabled and children under age 18 who have a proven medical condition and “marked and severe” functional limitations. Individuals must also meet strict income and assets tests, having no more than \$2,000 in savings, or \$3,000 for a couple. The 2017 federal monthly maximum SSI benefit is \$735 for an individual and \$1,103 for a couple. Essentially all earned and unearned income, including gifts and inheritance, reduces the amount of the SSI benefit.

#### **Medicare**

Medicare is a federal program benefiting the elderly and disabled. To qualify for Medicare an individual must be 65 years of age or older or considered disabled and have collected SSDI for at least two years. There are no other requirements for eligibility, and there are no income or asset tests. Medicare has four parts: Part A covers hospital, hospice and home health care; Part B covers physician services; Medicare Advantage is a managed care alternative to traditional Medicare; and Part D covers prescription drug benefits.

#### **Medicaid (Medical Assistance or MA)**

Medicaid is a joint state/federal program that provides healthcare coverage for low-income individuals and children. Financial eligibility standards are similar to those of SSI, however an individual may not be eligible for SSI and still be eligible for Medicaid if they have high medical expenses. Eligibility can be achieved by spending down current assets to meet the asset requirement. Currently in Pennsylvania, disabled children under 21 years of age are eligible for Medicaid without regard to their parents’ income or assets. Medicaid pays for a wide variety of healthcare services, including prescriptions and long-term care.

#### **Other Considerations**

- Medicaid Waiver Programs
- Medical Assistance for Workers with Disabilities
- Power of Attorney, Guardianship
- Estate Planning, Wills
- Disability Rights Network of PA:  
<http://www.drnpa.org/publications/>