



Planning for Special Needs Children

Failing to plan for your special needs child can lead to financial, medical and emotional hardships. The following list presents issues and considerations that could happen without proper planning.

- ◆ **Your child could become a ward of the state.** If you fail to select a guardian for your special needs child, the court will appoint one. Their selection may not be the same person as who you would have chosen. In addition, any assets your child receives would be administered by the court-appointed guardian. This process is time consuming, can be very costly and not consistent with your wishes.
- ◆ **Your child could lose Medicaid benefits.** Medicaid is a federally run program, which is administered by the states. It provides health coverage to “needy” individuals. In order to qualify, a person must have very little income or assets. With the high cost of health care today, it may be very important to qualify for this coverage. Without proper planning, however, your child could inherit assets that would disqualify him or her from these valuable benefits.
- ◆ **Your child could lose future Social Security benefits.** Social Security is a federal program intended to provide income to retirees, as well as disabled individuals. If you are pre-retirement age and become disabled, you might qualify for benefits, but only if you meet the strict needs-based guidelines. These guidelines allow for very little income and only \$2,000 in assets. If you fail to plan and leave assets to your child, he or she could be disqualified from receiving income they would have been entitled to.
- ◆ **Your child could struggle to manage an inheritance he or she was not prepared to manage.** Placing assets directly in the hands of your child could have severe consequences. Many young adults, with or without a disability, have trouble managing their finances. Too often, inheritances are squandered or preyed upon by unscrupulous individuals. Having a plan in place that safeguards an inheritance can ensure it is used as you intended.
- ◆ **Your child may not have enough funds.** Children with disabilities may have needs that last a lifetime. These could include medical expenses, treatments, advocates and recreational activities. Without being employable, these needs might not be met. Government programs can help, but they often only pay for the basics. A thoughtful plan should consider these expenses and provide proper funding.

- ◆ **Your assets may not be distributed according to your wishes.** In the absence of planning, your assets will be distributed according to the intestacy laws of your state. This could include leaving assets to family members you did not want to include or leaving too much to one person and not enough to another.
- ◆ **You may end up paying excessive amounts in estate taxes.** If you are unfamiliar with estate taxes, you should know that there may be federal and states taxes due at your death. Without proper planning, these taxes can be significant, greatly reducing what you expected to pass on to your children and loved ones. With planning, you have a choice of leaving assets to family, charity, or the government (taxes).