

# SPECIAL NEEDS TRUSTS

A **Trust** is an agreement between its maker (sometimes called the grantor) and a trustee. Under that agreement, the maker transfers assets to the trustee and instructs the trustee how to manage assets held in the trust. The instructions specify how the assets are used during the maker's lifetime, as well as how the assets are to be distributed following the maker's death.

A Supplemental Needs Trust is also often called a **Special Needs Trust**. This kind of trust fulfills two primary functions: (1) to manage assets for someone who may not be able to due to the disability; and (2) to preserve the beneficiary's eligibility for public benefits, including programs like SSI and Medicaid.

## Still Have Questions?

Call the Attorneys at:

**The Law Offices of Douglas E. Koenig, PLLC**

You will find compassionate, caring attorneys and staff who will work for you and your family.

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Call today:

**(919) 883-2800**

Andrew S. Bullard  
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The Law Offices of  
**DOUGLAS E. KOENIG**  
PLLC

Protecting Assets for  
Special Needs Persons

**Special  
Needs  
Trusts**

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6208 Fayetteville Rd, Suite 104  
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## What Is a “Special Needs Trust”?

A special needs trust (SNT), is also known as a supplemental needs trust. It is a special type of irrevocable trust used when a disabled person needs assets protected for their use above and beyond benefits provided by federal or state benefit plans.

The term "special needs" refers to the kind of trust (SNT) that preserves eligibility for public benefits. There are two kinds of SNTs: **(1) Self-Settled** which is formed with the beneficiary's own money or funds from settlement (perhaps from a personal injury settlement), and **(2) Third-Party** which is formed by one person (such as a parent) for the benefit of a special needs person (such as a child).

## How Can I create a Special Needs Trust?

Depending on the type of Trust, the trust maker can transfer assets in his or her control to a trustee for the trust. This can be done while the

parties are living, or via a will (also known as a testamentary trust).

## Whom should I choose as Trustee?

You can choose a person or an entity such as a bank. There are good and bad reasons for each choice, and we will assist you in weighing the choices. It is a very important choice to make for the sake of the beneficiary, and the trustee needs to have a very good understanding of trust rules as well as knowledge of public programs for the beneficiary.

In some cases we suggest a pooled trust, or a committee, or several trustees acting together. Each case is different and requires individual care.

## How much should I put in a trust?

You can put as much or as little as you wish into a special needs trust. However, extremes either way present different problems. We can help you determine the optimum amount to fund, and it depends on many factors including the type of care required and the time such care will be needed.

## Why should I create a SNT?

When a disabled child receives funds in an inheritance or settlement, it might make him or her ineligible for benefits. The SNT can supplement his care needs without losing the valuable benefits.

In addition, using a SNT can help prevent your other children from the financial burden of caring for their sibling. They can be free to love the sibling without the cost.

A SNT can protect the child from organizations or people who would steal the child's funds. The trustee manages and protects the trust.

## Whom can I call for help?

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