



## 2020 Alliance Virtual Summit

# **A Deep Dive into Exempt Resources & Managing Client Funds**

**June 17, 2020**



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*Celebrating*  
30 Years of Service



## **Thomas G. Tirney**

**President, Arlington Heritage Group, Inc.**

**Prior experience at Standard & Poor's,  
Neuberger Berman, American Century Mutual  
Funds and Steeple Capital.**

**BSBA from Boston University, 1992  
Holds the Chartered Financial Analyst and  
Certified Market Technician designations.**



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## **Lindsay Galbraith**

**Director, Special Needs Pooled Trusts  
Arlington Heritage Group, Inc.**

**Lindsay joined Arlington Heritage Group in 2014 and is the Director of Special Needs Pooled Trusts. She manages back office support to providers to assist in compliance & accountability to state and federal authorities. She oversees the day-to-day operations of our current providers pooled trusts and works closely with Trustees and financial managers.**

**Lindsay graduated from Bloomsburg University with a Bachelor of Arts in Communications in 2005.**



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## **Kim Goodwin**

**Brand and Communications Manager  
Arlington Heritage Group, Inc.**

**Newest team member, responsible for branding and communications. Duties include nurturing the provider and client journey, training, education, and ensuring Arlington Heritage Group's message and benefits are clearly and consistently communicated.**

**Prior experience includes 20+ years marketing consumer packaged goods on a regional and national level, creating engagement thru traditional marketing channels, digital marketing and brand management.**



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**Since 1986, Offering Trust Administration  
Services to Non-Profits & Human Service Providers**



**An in-house special needs pooled trust controlled by the agency providing care.**



**Flexible pre-paid irrevocable burial trust compliant with SSA and Medical Assistance.**



## What we do.

We work exclusively with human service providers as a trust administrator, helping to safeguard consumer benefits with a business-to-business tool called The Provider Trust. The trust also helps providers to financially support those they serve within their I/DD community that may not have resources.

## What we do together.

We safeguard benefits and build resources for those within the I/DD community, enhancing lives and improving outcomes.





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30 Years of Service

We manage trusts for human service providers and 501(C)3s.  
We currently work with over 100 providers nationwide.



**ACCESS  
SERVICES**

Creating better ways to serve  
people with special needs



**KenCrest**  
*Bringing ability to life*



**SPIN**



**Volunteers  
of America®**



**Friendship  
COMMUNITY**



**THE  
SALVATION  
ARMY**



**RESOURCES FOR  
HUMAN  
DEVELOPMENT**



**Community Living Care, Inc.**



**Step By Step, Inc.**



**McGuire Memorial**  
*Inspiring Hope | Fostering Growth*



**BARC**  
Developmental Services



**community interactions inc.**



**SALISBURY**  
BEHAVIORAL HEALTH, INC.

# 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 Resources in SSA POMS



- **Special Needs Trusts** - no limit on assets
- **Special Needs Pooled Trusts** – no limit on assets
- **ABLE Accounts**– \$15,000 per year, with a \$100,000 cap



***SIMILAR BUT NOT EQUAL***



## Exempt Resources: Cash > \$2,000

- Checking Account
- Savings Account
- Certificate of Deposit
- Brokerage Account
- Mutual Fund Account
- U.S. Savings Bonds
- IRA
- 401(K)
- SEP

***Restricted Accounts COUNT!***



# The Stimulus Check

- **CARES Act: Qualified Individuals Received Economic Impact Payment, aka Stimulus Check for \$1,200, Including SSI Recipients**
  - **An Additional \$500 Each Was Given To Those With Children Under 17**
- **Federal Guidelines State That Stimulus Money Would Not Count Against the \$2,000 Resource Limit For The Next 12 Months**



# Exempt Resources: Life Insurance

- Face Value OR Paid-In Value < \$2,000
- Counted as a Resource if Individual is Policyowner
- Don't have life insurance

***! WORST USE OF ASSETS UNDER \$2,000 !***



# Exempt Resources: Funeral Accounts

**Just Because Something Is Labeled “Irrevocable”  
Doesn’t Mean it is Compliant...**

- **Irrevocable Burial Accounts**
- **Irrevocable Burial CDs**
- **Burial Reserve Accounts**

***Individuals Can Still Be Penalized!***

# 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."***



# Employment & Income



- In spite of CoVID-19, there is increasing employment in I/DD population
- Must do away with the mindset that persons receiving SSI and Medicaid shouldn't have jobs or income

***Understand Financial Impact to SSI/Medicaid of Earnings***

# SSI and Medicaid Eligibility



- One of the biggest concerns of individuals and caregivers
- SSI payments are impacted after first \$85 gross earned per month
- **Medicaid benefits will remain if earnings are not high enough to replace SSI and Medicaid benefits, and meet 1619(b) eligibility:**
  - Have been eligible for an SSI cash payment for at least 1 month;
  - Still meet the disability requirement; and
  - Still meet all other non-disability SSI requirements; and
  - Need Medicaid benefits to continue to work; and
  - Have gross earnings that are insufficient to replace SSI, Medicaid and publicly funded attendant care services.

## 2019 1619(b) THRESHOLD AMOUNTS FOR DISABLED SSI BENEFICIARIES

RANK	STATE	THRESHOLD
1	CONNECTICUT	\$66,452
5	NEW YORK	\$46,316
6	DELAWARE	\$44,741
7	D.C.	\$44,689
11	MARYLAND	\$40,869
18	PENNSYLVANIA	\$38,431
29	NEW JERSEY	\$35,520
51	ALABAMA	\$27,826

Many individuals don't earn enough at part-time hours to come close to these thresholds

# SSI and Medicaid Eligibility



## 2019 1619 (b) THRESHOLD AMOUNTS FOR DISABLES SSI BENEFICIARIES

RANK	STATE	THRESHOLD
33	COLORADO	\$34,196
41	MONTANA	\$32,599
4	NORTH DAKOTA	\$47,554
23	SOUTH DAKOTA	\$36,767
32	UTAH	\$34,486
21	WYOMING	\$37,155

# SSI and Medicaid Eligibility

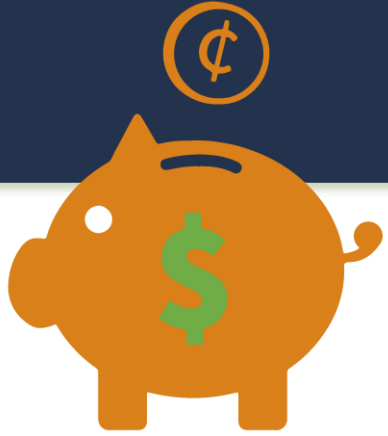


**Even with a reduction in SSI benefits due to income earned, people most often have more money. Without losing Medicaid benefits!**

## It Pays to Work

Earned Income/Month	Countable Income	Amount Reduced from SSI	Amount of SSI Received	Total Monthly Earnings	Annual Earnings
<i>Earnings</i>	<i>Earnings - \$85*</i>	<i>Countable Income / 2</i>	<i>SSI Balance Received</i>	<i>Earnings + SSI</i>	<i>Total Earnings * 12</i>
\$ -	\$ -	\$ -	\$ 775	\$ 775	\$ 9,300
\$ 85	\$ -	\$ -	\$ 775	\$ 860	\$ 10,320
\$ 200	\$ 115	\$ 58	\$ 718	\$ 918	\$ 11,010
\$ 500	\$ 415	\$ 208	\$ 568	\$ 1,068	\$ 12,810
\$ 775	\$ 690	\$ 345	\$ 430	\$ 1,205	\$ 14,460
\$ 800	\$ 715	\$ 358	\$ 418	\$ 1,218	\$ 14,610
\$ 900	\$ 815	\$ 408	\$ 368	\$ 1,268	\$ 15,210
\$ 1,000	\$ 915	\$ 458	\$ 318	\$ 1,318	\$ 15,810
\$ 1,635	\$ 1,550	\$ 775	\$ -	\$ 1,635	\$ 19,620
\$ 2,000	\$ 1,915	\$ 958	\$ -	\$ 2,000	\$ 24,000
\$ 3,000	\$ 2,915	\$ 1,458	\$ -	\$ 3,000	\$ 36,000
\$ 3,200	\$ 3,115	\$ 1,558	\$ -	\$ 3,200	\$ 38,400

\*\$85 is limit that does not impact SSI



# Exempt Resources: Trusts & ABLE

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

# The ABLE Act: ABLE Accounts



- **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**

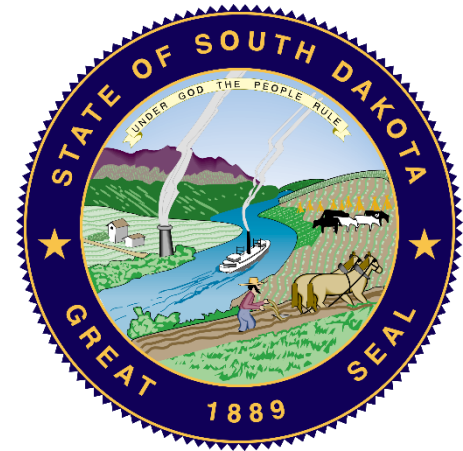
# Guidelines



- Account holder disabled by Title II or Title XVI SSA
- Disabled before age 26
- One ABLE account per person
- Only parent, guardian or POA may open account
- \$15K per year; max at \$100K or benefits affected
- Upon death of accountholder, funds can be claimed by MA

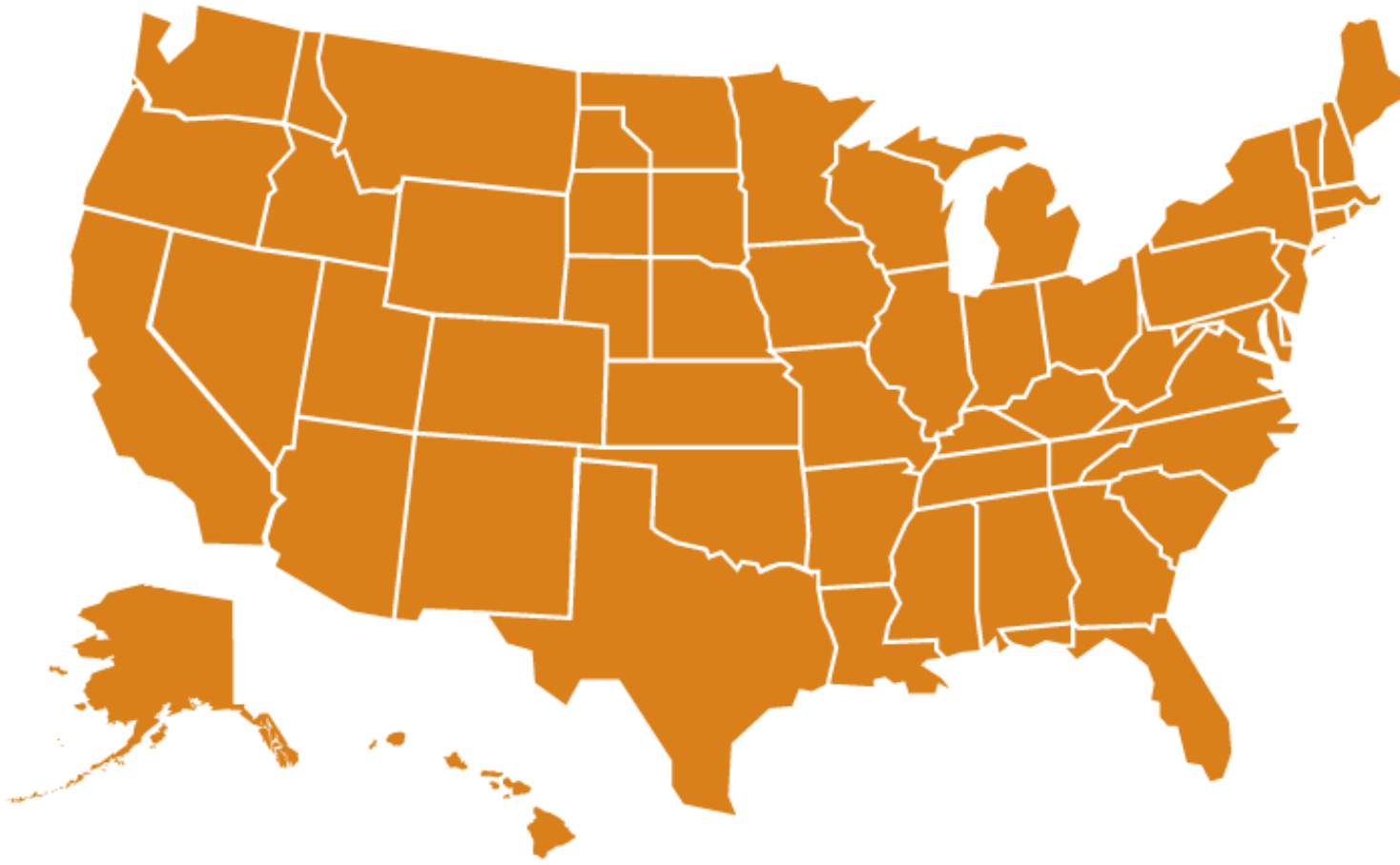


# Where Are You?





# The ABLE Act: Current State Programs



**41 States & DC Have Implemented the Program:**

**AL, AK, AZ, AR, CA, CO, DE, DC, FL, GA, IL, IN, IA, KS, KY, LA, MD, MA, MI, MN, MO, MT, NE, NV, NH, NJ, NM, NY, NC, OH, OK, OR, PA, RI, SC, TN, TX, VT, VA, WA, WV, WY**

# 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.**
- **D(4)a can be expensive, tends to be for estate planning**
- **No max for either.**
- **Upon death of accountholder, funds can be claimed by MA**

# 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**

# Special Needs Trusts, Pooled Trusts & ABLE

- **Medical treatments**
- **Dental, Optometry**
- **Travel, Vacations, Day trips**
- **Clothing, Furniture, Transportation**
- **Education, Classes, Computers, Software**
- **Hobbies**
- **Some utilities**











# 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>	\$15,000 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. ABLÉ Accounts

	<h2>versus</h2>	 <p>Offered By Arlington Heritage Group, Inc.®</p>
<p>Can be established by parent, power of attorney, guardian or individual</p>		<p>Can be established by a parent, grandparent, guardian, court, person himself/herself</p>
<p>Managed by beneficiary or parent, guardian, or agent (if incapacitated)</p>		<p>Managed by a trustee</p>
<p>Must be blind or disabled prior to age 26</p>		<p>Age of disability is irrelevant</p>
<p>Annual contribution max: \$15,000 Lifetime contribution max: \$235,000 to \$529,000* <i>(*range varies by state)</i></p>		<p>No maximum annual or lifetime contribution</p>
<p>Tax-free withdrawals for qualifying expenses; withdrawals for non-qualifying expenses result in regular income tax plus 10% surcharge</p>		<p>Withdrawals can be made for any expense that benefits the person and <b>is not taxable</b></p>
<p>Medicaid: Not countable SSI: Maximum account value of \$100,000</p>		<p>No maximum limits for Medicaid or SSI</p>
<p>ABLE distributions do not count as income for Medicaid/SSI, but may still be taxable income</p>		<p>Trust distributions do not count as income and are not taxable</p>
<p>Subject to DHS/Medicaid payback</p>		<p>Subject to DHS/Medicaid payback for first party money but <b>not for third party money</b></p>

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

# Underappreciated Techniques

- An individual's house, if they own it and live in it, is exempt.
- An individual's car is exempt, whether they can drive or not.







# An Automobile Is An Exempt Resource

- An Individual Need Not Be Able To Drive
- An Individual Doesn't Need To Have A Driver's License
- Car Purchases Can Be Utilized By Families & Providers In An Acute Spend-Down Situation

**Tends to be an underutilized resource among providers**



# Best Use For An Automobile

- **Primarily Useful To An Individual That Is Active In Day Programs And/Or Has A Job**
- **Transportation Is Among The Most Cited Challenges Among Providers And Recipients Of SSI/Medicaid**
- **Car Ownership And Maintenance Is Straightforward Among Families, Not So With Providers**



# Automobile - Best Practices For Provider

- **Car Titled In The Individual's Name, Driven By Team Members**
- **MUST Eliminate The Conflict Of Interest**
- **Provider Leases The Car Back From The Individual**
- **Must Be An Agreement And Some Form Of Compensation**

# Have a Plan



- Policy
- Control
- Transparency

**Experiment**

# More Presentations



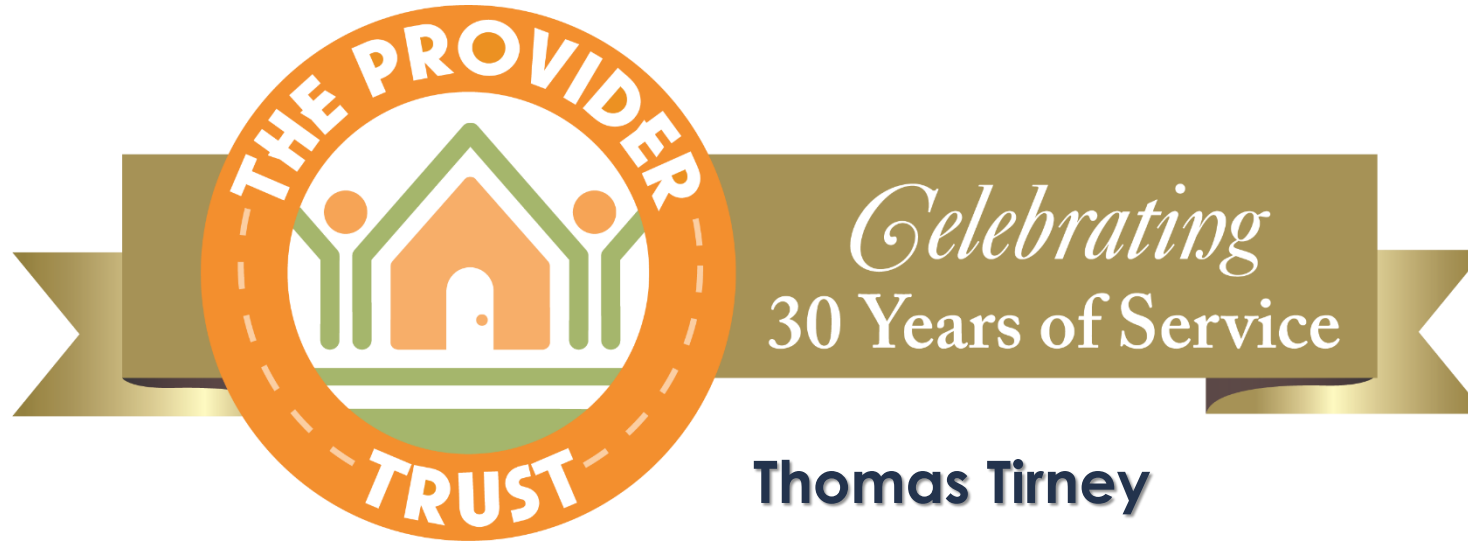
- **Resolving Challenges Of Mobility:**  
Individual Car Ownership
- **Managing Unique Challenges For Clients In The Workplace:**  
A Guide For Employment
- **Aging In Place:**  
Coming Soon



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**Question and Answer Segment** *Celebrating*  
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