

# Should My Child Have Both an ABLE Account and a Special Needs Trust?

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Let's first define "why" you would want either type of account. One of the main reasons families create a Special Needs Trust and open an ABLE account is because these are the only two accounts in which your child with autism can have money in excess of \$2,000 and still qualify for government benefits such as SSI (Supplemental Security Income), Medicaid, state funding, and state waiver programs. These government benefits are essential for most individuals with

autism, especially as they enter adulthood and leave the educational system.

Both ABLE accounts and Special Needs Trusts have their place in your child's special needs plan. An ABLE account is superb for smaller amounts of money, possibly birthday or holiday gifts, as well as money from a future part-time job your child may have. It is also a great place for any government benefit lump sum back pay that may come for your child depend-

ing on his/her qualification for certain benefits. It is very important to understand the rules of an ABL account. One of the reasons it is a place for smaller amounts of money is because the annual contribution limit is \$15,000 (in 2019), which means no more than \$15,000 in any one year can be contributed to the account. Also, if the account grows (contributions plus savings growth) to reach \$100,000, then the monthly income of SSI will be suspended (no more monthly income!). The ABL account is NOT a functional account for parents to deposit large lump sums of money into, especially at the end of their life.

All parents are concerned about their child's future, especially when they can longer be part of it. Parents want to ensure their child has everything he/she needs and that there is enough money to pay for those things; however, most families are not inherently wealthy. This situation means parents need to use their money while they are alive to pay their own bills as well as help support their child with autism, but when they die they will leave a lump sum of money—either through the sale of their home, life insurance, or savings—to their child in order to support their child's lifetime needs. If this lump sum of money is provided directly to their child and is over \$2,000, their child will lose all government benefits. If the lump sum of money is in excess of \$15,000, then the ABL account is not usable. This is the situation in which a Special Needs Trust is perfect. The Special Needs Trust will be the receptacle for larger lump sums of money from parents, grandparents, uncles, aunts, etc.

The answer to your question is yes, your child should eventually have both an ABL account and a Special Needs Trust. Your first step should be ensuring you have a properly and accurately drafted Special Needs Trust to be the receptacle of the assets you want to leave in order to pay for your child's future

needs. The reason for this is because our future is not guaranteed and you could die at any time, putting your child's future government benefit qualification at risk if your Special Needs Trust is not set up and ready to receive assets.

An ABL account will also play an important role in your child's life because qualifying disability distributions from an ABL account are more liberal than from a Special Needs Trust. This means the trustee of your child's Special Needs Trust will have more flexibility in providing for all your child's needs if your child has both an ABL account and a Special Needs Trust.



*For more information on how to prepare for the future, be sure to contact a financial advisor who specializes in serving families with special needs. A Special Needs Plan is driven by their purpose of leading families to independence through an ongoing multi-generational plan. A Special Needs Plan is passionate about families confidently moving forward.*

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