

FAQ: NYSARC Third Party Community Trust

NYSARC Third Party Community Trust:

The NYSARC Third Party Community Trust is a pooled supplemental needs trust (SNT) that is established and funded by a family member, friend, or other third party, to provide financial assets to a loved one without affecting their eligibility for means-tested government benefits, including Medicaid and Supplemental Security Income (SSI).

1. What is a pooled trust?

A pooled SNT, is a special type of irrevocable trust where a not-for-profit trustee agrees to manage assets for the benefit of a person with a disability. Trust funds can be used to purchase items and services to supplement—not replace—the benefits your loved one receives from government programs.

Separate sub-accounts are maintained for each beneficiary, however, funds are pooled for investment and management purposes.

2. Why establish a trust?

If your loved one receives services through Medicaid and/or Supplemental Security Income (SSI), or may need these benefits in the future, even a small inheritance from someone could put them over the financial limits to qualify for these programs and jeopardize their eligibility for services.

By establishing a pooled trust with NYSARC Trust Services, you can provide your loved one with financial assets without affecting their eligibility for services. You may choose to fund the trust immediately or upon your death with proceeds from your estate.

Your loved one will also receive the benefits of working with a team of representatives who will assist in using the funds in the trust account. As trustee, NYSARC reviews each request individually to protect government benefits and to spend funds wisely on life-enhancing purchases that are for your loved one's primary benefit.

With a NYSARC Third Party Community Trust you can...

- Protect and preserve financial eligibility for benefits
- Plan for the future needs of a loved one with a disability
- Provide the means to improve their quality of life
- Safeguard funds to be spent appropriately and wisely
- Experience the benefits of working with a professional trustee

3. Why choose the NYSARC Third Party Community Trust?

Individual special needs trusts can be costly to set up and maintain. You also have to select or hire someone you trust to serve as the trustee.

Families who establish a NYSARC Third Party Community Trust, receive the benefits of a professional trustee with extensive fiduciary and wealth management experience and the cost savings and efficiency of a pooled trust.

Benefits of a NYSARC Community Trust:

- Easy and inexpensive to establish
- Low minimum funding requirement
- Experienced not-for-profit serves as trustee
- Knowledge of government benefits
- Years of experience working with people with disabilities
- Exceptional customer service
- Funds pooled for investment and management purposes
- Financial institution appointed as co-trustee to manage investments

4. Who can establish a trust?

A third party pooled trust can be established by:

- Parents who wish to plan for the future of a loved one with a disability
- Grandparents who wish to leave an inheritance to a loved one with a disability
- Any family, friends, community organizations, and other interested third parties who wish to provide funds for the benefit of someone with a disability

5. How to establish a trust?

The Donor must complete the Joinder Agreement (JA) during your lifetime to share your vision for the trust and help us get to know your loved one. We understand you may need to update this document in the future and we encourage you to do so periodically.

Please include payment of the one-time enrollment fee with your application and attach a copy of the beneficiary's Social Security card and Social Security Award letter to NYSARC for review. Other documentation may be required. Please refer to the Information and Procedures document for detailed instructions to establish an account.

Once the JA is signed and approved, the account is available to receive funds (check / electronic deposit) from any third party source.

Please call (518) 439-8323 and a member of our team would be happy to help you get started!



6. How to fund the trust?

At the time the trust is funded, the **minimum initial deposit is \$10,000**. You do not need to fund the trust immediately. Most trust accounts are funded through the Donor's will, estate plan, life insurance policy, or employee benefit. The trust can also be funded during your lifetime by a gift, bequest, or inheritance. We encourage the Donor to meet with an attorney to create or update your family's estate plan, wills, titling of assets, and Beneficiary designations on insurance policies and retirement plans.

It is also helpful to notify family members and others about your loved one's supplemental needs trust account, so that they may also direct funds to the trust account rather than leaving them to the individual directly.

7. What does the trust cost?

- Enrollment fee: \$750
- Administrative Fee: 1.5% annually (minimum \$50/month)
- Financial Management: 0.75% annually
- Tax & Audit: \$100/year charged annually in July
- \$50/year administrative cost for unfunded accounts

**Fees charged monthly and may be subject to change. Refer to the current fee schedule for more information.*

8. Do I need to appoint a trustee?

No, one of the benefits of using a pooled trust is that you do not have to select a trustee. NYSARC serves as the trustee and administers the account. A financial institution is appointed by NYSARC as co-trustee to manage trust investments.

The NYSARC, Inc. Executive Committee appoints a Management Board of Trustees who volunteer their time and expertise working with our executive staff and financial managers to maximize both your investment and the legal protections a trust can offer. Many of our trustees have loved ones with disabilities, so they bring compassion and deep personal understanding of the challenges people with disabilities and their families face every day.

9. What can the trust pay for?

Trust funds are intended to enhance your loved one's quality of life by purchasing items and services that their benefits do not provide. **Some common examples include:**

- Travel/Recreation/Entertainment
- Education
- Computers
- Electronic Equipment
- Personal Care Services
- Uncovered Medical costs
- Adaptive Equipment
- Rehabilitation
- Therapy Services
- Companion Services
- Living expenses (limitations for SSI recipients and minors)





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10. How will my loved one access the funds in the trust?

To use the funds to make purchases, your loved one or someone who is authorized on their trust account can submit a disbursement request to NYSARC for review.

You must submit a signed, disbursement request form with supporting documentation such as a receipt or other proof of payment, a quote/invoice, or bill in the beneficiary's name.

As trustee, NYSARC will review the request to ensure that the purchase is eligible for payment and to determine if the purchase will have an adverse impact on the beneficiary's benefit eligibility. If approved, the trust will disburse funds to a third party for payment.

Since the trust cannot give the beneficiary cash or put money in their bank account, a good way to use the funds is to make purchases using a credit card or have someone buy something for the beneficiary and the trust can reimburse that person.

11. How are the funds invested?

Trust funds are invested according to the Trust investment policy, which is administered by the co-Trustee, a financial institution appointed approved by NYSARC, Inc.

NYSARC's co-trustee Key Bank has more than 190 years of trust administration and wealth management experience. Each sub-trust account owns a pro-rata share of the investments, which are subject to market fluctuations.

12. What happens to the funds in a trust account when the trust closes?

This is a third party trust, so there is no requirement to payback Medicaid. Upon the death of the trust beneficiary, NYSARC will distribute any funds that remain in the trust account according to the Donor's wishes as indicated on the Joinder Agreement.

The primary Donor who established the account is the only person who can designate residual beneficiaries and may make updates periodically during their lifetime.

Contact us to learn more!

We understand you probably have other questions. To learn more about how NYSARC Trust Services can help you or a loved one, please contact us at:

phone: (518) 439-8323

email: trustdept@nysarc.org

fax: (518) 439-2670

www.nysarctrustservices.org

