



POOLED SUPPLEMENTAL NEEDS TRUSTS

Pooled supplemental needs trusts can be effective ways to keep an individual in the community by sheltering the individual's excess income so that he or she may qualify for Medicaid's community based medical services.

These services can reduce the number of individuals that would otherwise need to receive costly nursing home care, while maintaining many aspects of the individual's day-to-day life.

WHAT IS A POOLED SUPPLEMENTAL NEEDS TRUST?

A pooled supplemental needs trust (SNT) allows individuals with a disability to deposit excess income or assets into an account. Once the funds are sheltered in an SNT, the individual may qualify for public benefits such as Medicaid, without having to incur out of pocket medical expenses to meet the Medicaid spend down. The Medicaid spend down amount is the difference between the beneficiary's income and the income limit for maintaining Medicaid eligibility.

Once deposited, the funds are pooled for investment purposes, but each individual, also called a "beneficiary", is able to make requests that will be paid from the beneficiary's pro-rata share of the pooled fund. The beneficiary, or someone caring for the beneficiary, should also receive statements indicating what funds are available for the beneficiary's needs.

While the funds are pooled for investment purposes, the account is not an investment account and beneficiaries should not be expecting a large return on investment. The account may have gains or losses due to market volatility, but typically the funds are invested conservatively and beneficiaries have little say over the account's portfolio of investments.

The main benefit of the trust is that it can enable a beneficiary to receive public benefits far in excess of what their income or resources could pay for. These benefits may allow a beneficiary to receive community based care and remain in their homes, or receive access to doctors and medical care they would not otherwise be able to afford.

HOW IS THE POOLED SNT DIFFERENT THAN OTHER SUPPLEMENTAL NEEDS TRUSTS?

Both pooled and non-pooled SNTs serve the same function: holding income or assets out of an individual's name so that they may qualify for public benefits.

A pooled SNT combines funds from multiple beneficiaries for a more efficient administration of investments, while a non-pooled SNT is invested independently. Depending on the trustee and his or her investment advice the funds in a non-pooled trust may be invested for a higher rate of return or the account may have more volatility, meaning the balance may rise and fall frequently. If the trustee and financial advisor are the same entity, there may be lower total fees.

A pooled SNT must be a not-for-profit organization. However, a standard SNT can be administered by individuals, banks or other trust companies. A pooled SNT generally has lower minimum balances than a bank or other trust company.

HOW DOES THE TRUST WORK?

Although you no longer have direct access to the deposited funds, the SNT can be used to purchase items or pay bills on your behalf, and for your benefit.

Be sure you understand the process for requesting funds to avoid potential delays. It may be helpful to gather a list of your typical monthly needs and speak with someone at the trust about the request procedure. While paperwork requirements may vary from trust to trust, here is a list of common requests and the information you may need:

- **Property Expenses:** A lease, deed, shareholder's certificate or other document explaining your interest in the property.
- **Utility Bills:** A full copy of the bill showing all charges. The bill should also reference the beneficiary's name and service address.
- **Credit Card Statements:** The full bill, as well as supporting itemized receipts.
- **Reimbursements to a Third Party:** Proof of payment, for example a cancelled check or credit card statement, accompanied by any receipts, paid invoices or similar document.

In most cases, the trustee has full and absolute discretion over the funds once they have been deposited. If you wish to make a large purchase, consult with the trustee to make sure that it is something they will reimburse or pay for.

There may be some restrictions on what the funds can be used for. Generally, the funds cannot be used for something that is covered by a benefit you receive, for instance Medicaid-covered medical expenses, or food and shelter expenses for individuals receiving SSI. The trustee may have discretion to make these payments if it has determined the importance of the distribution outweighs the potential impact on your benefits.

WHO DECIDES WHAT'S "FOR MY BENEFIT" OR "IN MY BEST INTEREST"?

Because the trustee will have absolute discretion about when and how to use the funds, they get to decide what's in your best interest.

Their decision should be based on an understanding of your needs, both right now and in the future, your available resources and the effect their decision will have on your benefits.

The trustee may deny requests if they feel the funds should be saved for future use, that the request is frivolous, or that the request is for the benefit of someone other than the beneficiary.

HOW DO I JOIN A POOLED SNT?

Each trust has different requirements so it is important to follow the directions on the application, preferably received from the trust directly or the trust's website. Some attorneys, social workers and Medicaid consultants assisting individuals with joining pooled SNTs, use outdated documents that may delay the application process, or may not reflect recent changes to the trust.

Early in the application process, determine what identification paperwork is necessary. If you will need a copy of your Social Security Card, Social Security benefit verification letter (also called an "award letter"), or SSA-1099, you should request these documents immediately.

You can request some of this identifying information directly on the Social Security Administration's website (<http://www.ssa.gov>) or you may use the SSA's phone hotline (1-800-772-1213 or TTY 1-800-325-0778)

HOW MUCH DOES PARTICIPATING IN A TRUST COST?

The cost varies by organization. The fees can depend on the estimated deposit amount, the account balance, or on the services required, such as a flat rate per request or per statement.

After you have passed away, any funds in your account will remain with the trust. It is important to make sure that any funeral or burial plans are in place prior to your death because the trust's funds cannot be used to pay for these expenses after you pass.

The trust may also pass the cost of preparing annual tax returns and audits along to beneficiaries as a separate fee.

There is often an application fee or "initial fee" that must be submitted before an application can be processed. Some organizations may require payment of this fee by a certified check, money order or other guaranteed funds, so verify with the organization before sending in a personal check.

Consider calling multiple trusts and asking for an estimate based on your particular situation. If you explain your number of estimated requests per month, the individuals you would like to have statements sent to, and your estimated deposit, the trust should be able to offer you an estimated monthly fee.

WHAT SHOULD I ASK BEFORE I JOIN?

Each trust offers different benefits. Consider the following list of services and ask the trust about any that are important to you:

- Estimated turnaround and processing time.
- Automatic payments for leases or mortgages.
- Automatic payments for other fixed bills (e.g. garbage removal).
- Direct deposit of monthly Medicaid spend down amounts from your bank account to theirs.
- 24-hour phone access to account details.
- Online access to transaction and balance details.
- Ability to send bills directly to the organization for processing.
- Live customer service representatives and automated help systems.
- Providing deposit verification to relevant Department of Social Service agencies.
- An appeals process to settle disagreements with the trustee's decision.

CAN I HAVE MY MONEY BACK?

SNTs are irrevocable. Once money has been deposited, you cannot get a refund. Also, the trust will be unable to provide you with direct financial assistance, for instance providing you with cash for everyday expenses. Generally, these everyday expenses should be paid from the funds you are allowed to keep as income each month pursuant to whatever benefit programs you are receiving.

If you are unhappy with the trust's services, it ***may*** honor your request to your funds transferred to another SNT. You may also open an account at another SNT for future deposits while you draw down the balance at your current SNT.

If you enter a nursing home, you may be required to provide your excess income directly to the facility. If this is expected to be a brief stay, you may wish to keep your trust account open so that you can resume making payments when you return to the community. If you do not expect to return home, you may wish to notify the trust that you will no longer be participating.

If you are unable or unwilling to continue participating in the trust, the trust may release any minimum balances or similar restrictions on the account so that you can exhaust the account.

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