

Ep79: Resources for Parents of a Special Needs Child

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PATTI BRENNAN: Patti Brennan: Hi, everybody, I'm Patti Brennan. Whether you have \$20 or \$20 million, this show is for those of you who want to protect, grow, and use your assets to live your very best lives. As you probably know, at the end of every podcast, I encourage people, go to our website.

If you have a question, just send it to us through the website, and we'll address it in the "Ask Patti Brennan" series. We get a ton of questions. The ones that I've gotten recently, especially as it relates to child care, expecting a baby, adopting a baby, and in those circumstances where a family may have a child who is disabled, what do we do?

We're going to dress the ladder. If any of you who are listening or watching has a child, or a grandchild, or a family member who has special needs, listen in because there are some really interesting things that you can do to maintain the quality of their lives irrespective of what may have happened.

Today, we're going to address the financial issues with heart, with an understanding, that is the most difficult thing that a parent can go through. There are solutions. First and foremost, let's talk about what they are.

The federal government and state government do provide really great social nets for people who need assistance because of disabilities. There are Social Security Income referred to as SSI and then SSDI, Social Security Disability Income. Now, if your child's under the age of 18, and based on your income and your resources, they may qualify for SSI.

In addition, they could also qualify for SSDI, if they became disabled before the age of 22. If you are receiving Social Security benefits yourself, you can also get Social Security. That helps from a cash flow perspective. It's really important. If you don't know about it, you're not going to claim it. If you're worried about whether or not you'll actually get it, don't worry about it. Try.

If you're turned down, which frankly some people are initially don't stop, get an attorney



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and contest it. It just sometimes is the way things are framed so that our government officials understand what the challenges are that you're facing. SSI, SSDI.

Now, again, based on whether or not you're able to collect, there's also Medicaid for medical insurance. Medicaid gets a bad rap, but I got to tell you that that's a wonderful benefit. There's a lot of great insurance that is provided through Medicaid. This is exactly what it's there for.

For those people who don't have the income or are in a situation where they may never be able to work, Medicaid is there for those people.

There's also something called CHIP, depending on the state in which you reside. CHIP programs are also there for assistance. Interestingly enough, I've had clients and I've had people who literally have chosen their state of domicile where they actually live based on these benefits, because sometimes the benefits are better, for example, in Illinois, than they may be in another state.

You may want to research that. If it just means going over the border and getting thousands and thousands of dollars of better benefits, by all means, check it out. There are people who specialize in all of this, and that's what you want.

You want the resources. You want the attorneys, the financial planners, the social workers, the professionals who work with families, with children, and frankly, adults who are disabled, who will never be able to provide for themselves.

Moving forward, if it turns out that you may not be able to qualify for those government benefits or your child may not be able to – I hate to use the I word – I'm going to tell all of you, "Go out and buy a big, fat life insurance policy," because as long as you're alive, chances are you're going to be there and you're going to want to provide for that child.

But what happens if you're no longer here and if the rules change, governments change, etc. There is nothing like life insurance to solve a problem when it manifests. The thing that caused the problem if someone passed away, here's the money to solve it.

Be very careful how it's constructed. You want it own by a particular type of trust. Again, I'm going to say it 1000 times today, "Get a good attorney who specializes in working with families with someone who has special needs."

In addition, there is something called an ABLÉ account. If the child suffered his or her disability before the age of 26, they will qualify for an ABLÉ account. Now, at first, I was really excited about these accounts, but they did get watered down.

The most important thing that all of you need to know is they can't let the balance go over



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\$100,000. ABLE accounts are there. It's another kind of pot of money that can be used for the child where it won't disqualify that child for government benefits.

Now, let's talk about estate planning because this is an area that a lot of people have questions about. There are some controversies. Should we have a trust for that child? Could we actually disqualify that child from the wonderful government benefits? Again, be very, very careful.

There is something called a special needs trust. If it is designed properly and has the right language, you can set aside money for that child, and it would not disqualify them for any of the wonderful government benefits that we all contribute to. I mean, I'm going to say as a sidebar, we all pay taxes, right?

This is probably one of those things. I really don't mind paying taxes because this is what America is all about. We're here as a community to help those people who may not have been quite as fortunate, who may have just been born with certain disabilities and unable to provide for themselves.

I think that this is an important social program that is out there to help those families and those children who will be very much in need for the rest of their lives.

Special needs trusts are there. Again, be very careful how they're constructed. As you think about the trust, you got to get the right trustee. Who's going to be that person who's going to understand what the rules of the game are and be able to give that child support and understand how it's going to work in the state in which they reside?

From a tax perspective, a little kind of a sidebar perk, if you will, if it could be called one if you adopted a child with a special need with a disability, there is a child tax credit of \$14,400. That will offset a lot of the adoption costs and provide you, again, another benefit of adopting a child with a special need.

Even if you're not adopting, you will get the child tax credits that are available to all Americans. It's \$2,000 per child depending on your income. If your modified adjusted gross income as a couple or partners is below \$150,000, then that tax credit goes up to \$3,600 if the child's under the age of six. Again, just be aware that these credits and tax benefits are available to you.

I think as we go forward, medical expenses are based on your adjusted gross income. Let's say that the child is or the adult is able to work, but they're not probably able to earn enough income to take care of themselves for the rest of their lives.

If there are expenses, medical expenses that they incur, that person will not be subject to the 7.5 percent limitation against AGI, so 100 percent of their medical expenses are going



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to be tax-deductible. That's important that whoever's doing their taxes understands that and gets the full benefit of that write-off.

Going forward, as we think about these things – again, I'm going to go more on the side of the parent – I think if there's any time for you to specify how that child responds to a different type of care, let's assume we've got a child with autism or some other disability, you know that child better than anybody.

If something happened to you, it sure would be wonderful if you could write down in a letter of intent or a letter of instruction what tends to work when it comes to managing that child on a day-to-day basis, and frankly, what doesn't work as well.

Write those things down for those people who may be taking care of your child after you're gone. You may want to appoint a guardian or conservator. Again, this is all part of your estate planning. I would say that probably the most important thing is to find an advocate.

Get an advocate, whether it'd be a sibling, a friend, somebody who's going to fight like the dickens for that child. You want a support system and pull everybody together to make sure that that person, that child, that adult is getting the care, and the love, and everything that they need for the rest of their lives.

Thank you so much for tuning in today. I really appreciate your questions. Please feel free, go onto our website at keyfinancialinc.com. Let us know what you want to hear about. Some topics are tough. This was a tough one. It's what we're all about. We're all in. We're here to help any way we can, and we can. Thank you so much for tuning in today. I hope you have a great day. Take care.



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