

# **Planning for Your Child's Financial Security**

Presented by Tim Rigby

# Special Needs Alliance (SNA)

- 200 special needs estate planning attorneys across the country
- Blogs and educational material online
- SNA website:

<https://www.specialneedsalliance.org/>

# Estate Planning Without a Plan

- Do you have an estate plan in place?
- If not, have no fear – the State of Illinois has a plan for you!
- With no plan in place, the Illinois Probate Act determines how your estate will be divided and distributed

# How Your Assets Are Administered If You Don't Have an Estate Plan

- Assets are divided equally among spouse (if any) and children. If none, then to more distant relatives.
- Your estate will be managed by a court appointed guardian for any heir under 18
- Your estate will be distributed outright to your heirs who are 18 or older

# Estate Planning Basics

- Simple will alone
  - Most basic form of estate planning
  - Maybe not enough
- With a will alone, assets are distributed outright
  - Assets cannot be held and distributed slowly over time
  - Exception – assets held by court appointed guardian until a child turns 18
- How financially responsible is an 18 year old?

# Estate Planning With a Trust

- A trust is often incorporated into estate planning (either within a will or as a “stand alone” document).
- A trust can allow assets to be distributed slowly over time
- Trustee discretion usually for “health, support in reasonable comfort and education”

# Trust Planning (cont.)

- Staggered distribution
  - For example, 1/3 at 25, 1/3 at 30 and final 1/3 at 35
- Other trust advantages include:
  - Avoiding probate (court administration of estate)
  - Reducing or eliminating estate tax

# Planning for a Child with a Disability

- Objective – preserving government benefits
- Social Security Supplemental Income (SSI)
  - 2026 SSI is \$994 per month
- Medicaid
  - Medical expenses, housing and employment programs

# Government Benefits Restrictions

- Governmental benefits have income and asset limits
- Asset limit is \$2,000
  - If assets exceed \$2,000, then governmental benefits are reduced or eliminated
  - Inheritance over \$2,000 could disqualify a person with a disability from benefits eligibility

# Objective of Special Needs Estate Planning

- Through proper estate planning, your child can have assets that exceed \$2,000 and qualify for governmental benefits
- Is \$994 enough to pay for all of your child's rent, utilities, groceries, clothes, entertainment, vacations, haircuts, a car (and gas for the car), etc.?
- Governmental benefits alone are usually not enough
- Your estate planning can ensure that your child will continue to have a good quality of life after you are gone

# What are our Options?

- Don't leave your child any assets
- Leave assets to other children
  - They will take care of your child with a disability, right?
- Leave assets directly to your child with a disability
  - Forgo governmental benefits
- Special Needs Trust

# Special Needs Trust

- Assets in a properly drafted Special Needs Trust do not count against a person's benefits eligibility
- Direct in estate planning that assets for your child with a disability go to a Special Needs Trust for your child
- Appoint Trustee with total discretion to distribute from SNT

# What Can Special Needs Trust be Used For?

- Cannot distribute for primary support (e.g., shelter)
- Many other things that can be used for (e.g., clothing, furniture, tv, vacations, haircuts, entertainment, etc.)
- SNT supplements (but doesn't replace) governmental benefits

# THANK YOU!!!

Timothy J. Rigby  
Hart, Southworth & Witsman  
Suite 501, One North Old State Capitol Plaza  
Springfield, Illinois 62701  
Telephone: (217) 753-0055  
Email: [trigby@hswnet.com](mailto:trigby@hswnet.com)