

Financial and Legal Planning for Individuals with Special Needs:

How to Care and Prepare for Your Child Future

Presentation to the

Parents and Families of The CAPE Resources Center

June 4, 2025

Our Discussion Today

- Introduction
- Our Discussion Today
- Who We Are
 - ❖ *Estate Planning & Government Benefits*
 - ❖ *Protection Planning*
 - ❖ *Managing Investment Assets for Today and Tomorrow*
- Final Questions to Consider
- Q & A Segment
- How to Contact Us

Profile: Who We Are

Lori Wolf, Esq.

- Member of the firm's Tax, Trust and Estates Department.
- Counsel individuals, families and business owners in all aspects of Tax, Trust and Estate Planning and Business Succession Planning.
- Emphasis on wills, trusts and sophisticated tax planning techniques and corporate planning involving closely held businesses
- Focus on planning for families which have children with special needs and elder care planning
- Active member of the Women President's Organization.
- Earned a B.A. from Washington University in St. Louis, a J.D. from Washington University in St. Louis
- Masters in Tax Law (L.L.M.) from New York University School of Law

Profile: Who We Are

Richard L. Reda, LUTCF

- Agency Managing Director, Mass Mutual
- Insurance and Financial Advisor Since 1992
- Member of NAIFA & SFP
- Provides planning advice to Individuals, Professionals & Business Owners and their Families



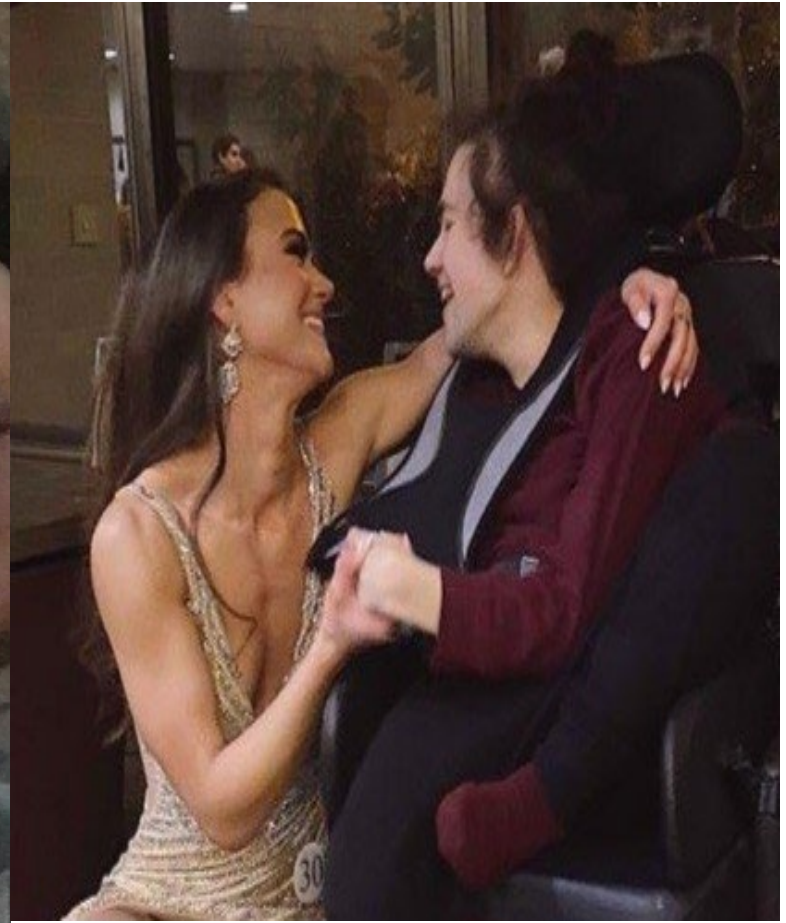
Profile: Who We Are

James J. Di Gesu, CPA, PFS, MBA

- CPA/Financial Planner & Wealth Advisor with over 37 years of experience
- Sr. Wealth Advisor at *Belpointe Wealth Management*
- Clients include professionals, executives, retirees, professionals, business owners and their families
- Serves families with special needs children, *Advisors for Angels*
- Sr. Vice President of *Wealth Health*
- VP, Private Wealth Management, *Bank of New York Mellon*
- Sr. Tax Manager with *KPMG* and *Deloitte & Touche*
- Member of AICPA, NJSCPA
- Graduate of Seton Hall & Fairleigh Dickinson Universities



My Daughters: Andrea & Michela



Special Needs Families in America Today

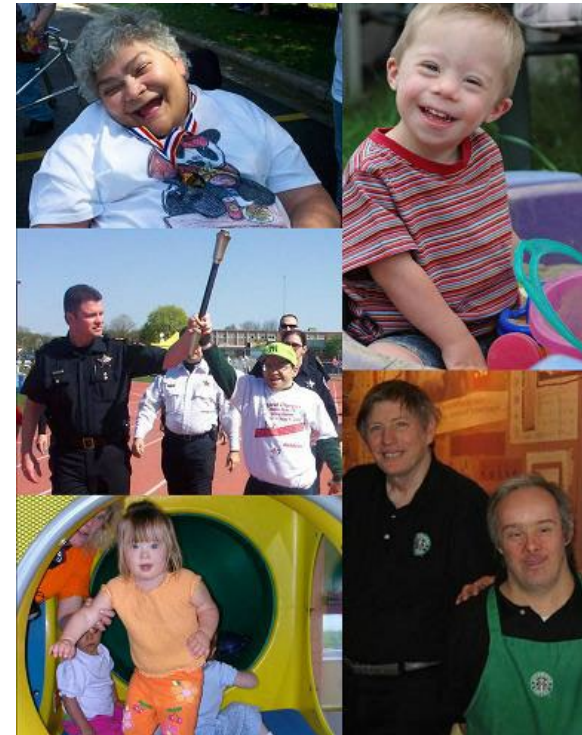
US Census Bureau Report – 2020

- In the US over 3 million children have a disability.
- These 3 million children represents 4.3% of the population under the age of age 18.
- Fewer than 1% of children under the age of 5 have a disability.
- 5.5% of children ages 5 to 15 have a disability.
- 6.1% children ages 15 to 17 had a disability.



Reasons to Save, Prepare & Protect

- Increasing Population with Disabilities
- Increasing Demands for Services
- Increasing Life Expectancy
- Increasing Costs of Care
- Shrinking Government Resources



Estate Planning & Government Benefits

Estate Plan Components

- Legal documents are cornerstones of estate planning and special needs planning
 - ✓ Wills
 - ✓ Trusts
 - ✓ Durable Power of Attorney
 - ✓ Health Care Proxy
 - ✓ Living Wills
 - ✓ Beneficiary Designations
- The documents alone will not deliver the necessary results
- Collaborate with a Special Needs Attorney

Government Benefits

Supplemental Security Income (SSI): Means tested assets, income

- ✓ Medicaid: Medical Insurance coverage if on SSI. Medical and means tested.
- ✓ Covers most group living arrangements.

Social Security Disability Insurance (SSDI): Non means tested

- ✓ Medicare: Medical Insurance coverage
- ✓ Does not cover living arrangements

Disabled Adult Child Social Security (DAC): Non-means tested

- ✓ Disability must occur prior to age 22.
- ✓ Eligible if parent receives SS, becomes disabled or dies.

Government Benefits

How Do I Provide Money or Assets to My Child and Avoid Loss of SSI and Medicaid?

- DO NOT leave the money to the child with special needs
- DO NOT leave the money to someone you trust to spend properly
- Leave the money to a SPECIAL NEEDS TRUST

Special Needs Trusts



Supplemental Benefit or Special Needs Trusts

1. Third Party Trust
2. Self-Settled Trust (d)(4)(A)
3. Pooled Trust (d)(4)(C)

Special Needs Trusts

Use of a Special Needs Trust for a Special Needs Child:

- Assets from SNT can supplement but can not replace government benefits
- Can be an *inter vivos* trust to receive gifts or inheritance from parents or others
- Parents need to communicate with family members to allocate gifts/bequests to SNT and not to child directly
- SNT can be revocable or irrevocable

Planning Point: State law can affect structure & requirements of SNT

Special Needs Trusts

Use of a Special Needs Trust for Your Child:

1. Funding of Special Needs Trust (“SNT”) at death.
2. Allocation to SNT before other children receive assets or divide assets equally between all children.
3. Cap amount to special needs child consider funding necessary amount with insurance.
4. The child with special needs can have no control or access to the trust funds.

Special Needs Trust

Use of a Special Needs Trust for a Special Needs Child

Assets of SNT's can ONLY be used to *Supplement* Gov't Benefits:

- Purchase of home
- Clothing, household and personal items
- Education, tuition, books, supplies, etc.
- Vacation, travel, entertainment
- Other

Assets of SNT's can NOT be used for the following:

- Can NOT give cash to the child
- Can NOT give cash to the family of the child

Assets of SNT's should be careful using funds for the following:

- Food and Housing Expenses

Selecting Trustees

Who Should be a Trustee?

- Parent
- Corporate or other professional Trustees
- Successor Trustee

Responsibilities of a Trustee

- Invests and manages assets
- Distributes income and/or assets to the child
- Advocate for medical and financial entitlements
- Recordkeeping ability, knowledge of accounting and tax-planning
- Willingness to serve the duration of trust term

Attributes of a Trustee

- Acts in the best interest of the child
- Possesses integrity, impartiality
- Experience as a Trustee, has degree of financial savvy
- Has special sensitivity to a child with disabilities

Protection Planning

Use of Life Insurance

Decisions, Decisions:

1. How much life insurance is necessary?
2. What type of life insurance is best for parents of a special needs child?
3. How should the life insurance be owned?
4. What are the biggest mistakes made related to life insurance by families with special needs child?

Types of Life Insurance

1. Term
2. Permanent or Whole Life
3. Universal
4. Variable
5. Survivorship or Second-to-Die

Commissioners Standard Ordinary (CSO)

Mortality Tables

❖ 1958 Age 90

❖ 1980 Age 100

❖ 2011 Age 121

❖ 2017 Age 121

Use of Life Insurance

Decision, Decisions - Again

1. How much insurance is necessary?
2. What is the cost and the affordability?
3. What type of life insurance is best? Permanent vs. Term
4. Should we buy multiple policies and types?
5. How should the life insurance be owned?
6. Can we use a trust or ILIT?
7. Can a child with special needs be named policy owner?
8. Who should be named Beneficiary Designation(s)?

Other Insurance Coverage

Do NOT Overlook Other Forms of Insurance

- Disability Insurance
- Health /Medical Insurance
- Property & Casualty Insurance
- Umbrella Insurance
- Long Term Care Insurance

Life Insurance in a Trust

Avoiding Pitfalls and Common Mistakes

- Use of ILIT as logical owner
- Child with special needs should NEVER be named policy owner
- Proper Beneficiary Designation(s): SNT's
- 3-year “Look Back” Period
- Overpaying for Term Insurance
- Insurance can meet the long-term needs of a special needs child but must be done with care!

Managing Investment Assets for Both Today & Tomorrow

Special Needs Trust

3 Questions You Must Ask Before Funding the SN Trust

Q1: How Much Money Is Necessary?

A: We must calculate the cost of care needed for your child's life.

Q2: Can Parents or Others Leave Assets to the SNT?

A: Yes. If estate assets are insufficient, the trust may NOT meet your child's lifetime expenses.

A: Must consider allocation of assets between your child with special needs and their siblings.

Q3: Can Life Insurance Proceeds Provide Cash to the Trust?

A: Yes. And this can become a cash source to help meet your child's lifetime needs.

What Are the Best Options to Consider?

1. You can make no decisions or no plans, or;
2. You can make gifts or leave assets to your child, or;
3. You can disinherit your child, or;
4. You can distribute assets directly to other children or;
5. You can leave assets to a future caregiver, or;
6. You can and should establish a Special Needs Trust and SAVE & INVEST for your child!!!

Reasons for Saving & Investing NOW

As a Parent What Keeps You Awake at Night?

All parents are concerned for their child about the following:

- **Their Future Independence**
- **Their Financial Security, and;**
- **Their Quality of Life**

Investment Management of Special Needs Trust

1. Lifetime Needs Analysis
2. Investment Objectives & Strategy
3. Determine Investment Approach
4. Prepare Asset Allocation
5. Evaluate Investments
6. Selection of Investment Managers
7. Provide Reporting to Trustee/Family
8. Monitor Investment Performance



Investment Management of Special Needs Trust

What Do WE Provide?

1. Independent RIA
2. Family Office
3. Customized Approach
4. In-House Money Managers
5. Use SMA's, Mutual Funds, ETF's
6. Traditional Active Management
7. Tactical Active Management
8. Alternative Investing Programs
9. Review Fees, Expenses and Costs



Reasons to Plan Now

Special Needs Families & the Impact of Planning

- People with a financial plan are more optimistic about their financial future than those without a plan.
- Nearly 9 of 10 people who have a financial plan believe the benefits far outweigh any costs incurred.
- Positive financial behaviors like saving money and limiting debt can have a significant impact on people's financial outlook and sense of security.
- People with a financial plan are more likely to stay the course and exhibit disciplined financial behavior.

Special Needs Planning Process

9 Planning STEPS:

1. Address your family's needs and your child's needs
2. Identify available resources and shortfalls, too
3. Estimate the expenses and related costs
4. Use financial & legal planning to meet needs
5. Create the financial plan
6. Execute the legal plan
7. Make the best decisions possible about the future
8. Monitor, update and revise the plan
9. Be sure to choose and work with knowledgeable professionals

Planning: Striking A Balance!

Simplifying the Planning Process with 3 Components:

1. Plan for the parent's financial security and future goals.
2. Plan for the child's financial security and future goals.
3. Integrate the first and second components with all the available support, resources along with any governmental benefits.

Questions to Consider

1. What kind of lifestyle is desired?
2. Where and with whom will your child live?
3. Who will make the financial decisions?
4. How will living expenses be met?
5. Who will make the health care decisions?
6. What type of care will be required?
7. What about the child's education?
8. Will a guardian or conservator be necessary?
9. What will the impact be on other family members?
10. What unforeseen challenges could arise?



Next Steps to Take

1. Think about the many challenges you may be facing.
2. Think about what we you can do to resolve them.
3. Contact us to schedule a **Free Consultation**.
 - Together we will review your options to plan for you, your family, and your child.

Thank You for Your Time!

Please Contact Us to Schedule Your FREE Consultation:

Contact Information:

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**Please Contact Us to
Schedule Your FREE Consultation:**

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