Basic Financial Guidance For Caregivers

Below are 10 steps to help caregivers get started in preparing for the financial future of their dependent with special needs. Each circumstance is unique, so caregivers should consider their own situation carefully.

1

Plan for future medical, educational and housing needs for your dependent. Start by thinking about what your dependent's needs will be in the future – and develop your financial strategy based on these projections. Will they need weekly/daily medical treatments? Will they need funds for college? Would they live in a group home or need their own space?

2

Review beneficiary designations. To continue to receive federal aid, dependents with special needs cannot have any assets in their name (cash, art, jewelry) that is worth more than $2,000. Check with close friends and family to see if they have designated your dependent to receive any inheritance or insurance benefits from their estate– if they have, it's important that they leave this amount to your dependent's special needs trust (see number eight on this list for information on trusts). Don't let well-intentioned friends and family unknowingly cause your dependent to lose access to valuable resources.

3

Have a family meeting to discuss your dependent's future needs. Just as caring for a dependent with special needs is a family affair, so is the related planning. With the thoughts that you have facilitated your dependent's special needs throughout their life, meet with your family members to discuss their concerns and options for future care. This is also a good time to broach the beneficiary designation issue discussed above.

4

Speak with a special needs financial professional and create a team of professionals to assist you in planning. Once you have determined the current and future financial needs of your dependent with special needs, it's important to pull together a support team that can help guide you through the variety of options available to you and your family. The composition of the team may vary depending on your unique situation, but it should include an attorney, and perhaps a health professional and a school guidance counselor, among others.

5

Contact local nonprofit organizations for additional resource support. Your local nonprofit may be able to provide resources that can help with planning or that supplement the standard services provided by government agencies. A good starting place is to first contact a nonprofit dedicated to your dependent's special need.

6

Apply for government benefits. Government benefits – such as Medicaid and Social Security (www.ssa.gov) – may help provide for your dependent's needs in the form of medical treatments and supplies, equipment, financial assistance and more. Visit your local Social Security Office to find out what benefits your dependent may qualify for; call or visit their website first to find out what documents you should have with you for your visit.

7

Prepare your Last Will and Testament (review and update periodically). A Will declares how you want your estate to be distributed and allows you to select a guardian for your dependent when you pass away. It may be especially important to prevent automatic asset distributions directly to a person with special needs, and to be cognizant to not leave your dependent with special needs any assets in excess of $2,000 (as discussed in number two above.). Speak to your attorney for additional information.

8

Consider setting up a special needs trust. This allows caregivers a way to provide for their dependent's care and quality of life, without disqualifying them for federal assistance. Trusts can be set up either funded or unfunded, and must be overseen by a trustee – often the dependent's caregiver and/or a bank trust officer. Funds can be contributed gradually over the years, or the trust can be designated as a beneficiary of an inheritance or life insurance policy. The money in the trust must be used to enhance the dependent with special needs quality of life, and can help to supplement standard services and benefits provided by government agencies. Speak to an attorney experienced in special needs planning for more information.

9

Apply for guardianship and conservatorship, if applicable. Caregivers must apply for a guardianship or conservatorship to maintain legal control over financial and healthcare decisions once a dependent reaches the age of 18. This can take up to a year in some states, so it's maybe best to start this process early. There are different levels of guardianship and conservatorship available, depending on the dependent's capabilities and needs. For example, a limited guardianship could be solely for financial or healthcare-related decisions.

10

Prepare a Letter of Intent. Although not legally binding, this document is important for providing direction for the person or persons who will care for your dependent with special needs and should be stored with other vital documents, such as your Will. Thinks of it as a "letter to the caregiver" – it can cover day-to-day care routines such as what medical assistance is needed, as well as quality of life guidance such as what entertainment and activities should be provided.

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Metropolitan Life Insurance Company, 200 Park Avenue, New York, NY 10166

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