

# 10 Things You Should Know About Financial Planning for Special Needs Children

Knowing where to start and what options are available can help you advocate for your child and prepare for their financial future.

- 1. Don't go it alone** – If your child is young, your pediatrician can not only help diagnose conditions, but also identify early intervention services available in your area (which are often free of charge), as well as other local support agencies that specialize in providing information and services for your child's specific need.
- 2. Understand your role and rights** – As your child grows and enters the K-12 school system, you may want to consider hiring a special-education advocate to provide guidance and help you negotiate for the right support and accommodations to help your child thrive.
- 3. You may qualify for aid** – Medicaid is a federal and state-run program that provides basic medical and nonmedical care to low-income or disabled Americans. If your income is too high to qualify for Medicaid, your child may still qualify for Medicaid waivers, which are granted on the basis of your child's income rather than your family's income. You must apply for waivers, but most states have them to help with residential, daycare, career, and other services.
- 4. Social Security may also be available** – Supplemental Security Income (SSI) is part of the Social Security program and provides funds to children with disabilities from birth to age 18. There are limitations, however; for example, to qualify, the beneficiary must have less than \$2,000 in assets.
- 5. Disability insurance may be another option** – Once your child reaches age 18, they may also qualify for Social Security Disability Insurance (SSDI) if they were disabled prior to age 22 and are unable to work.
- 6. Consider a trust** – A special-needs trust is a legal arrangement in which you serve as a trustee to manage assets for your child. Because your child doesn't own the assets, they aren't counted toward limits for means-tested public benefits such as Medicaid or Supplemental Security Income. If your child's disability is a result of an injury and you pursue a personal-injury settlement, the trust would give you somewhere to place the funds without disqualifying your child from means-based aid.
- 7. ABLÉ accounts** – The Achieving a Better Life Experience (ABLE) Act allows tax-free savings accounts to pay for disability-related expenses without disqualifying an individual for means-tested government programs (see list of qualified expenses on page 2). To qualify for an ABLÉ account, the disability must have occurred prior to age 26. For 2024, contributions to an ABLÉ account are limited to \$18,000 per year.
- 8. Things change at 18** – As your child approaches adulthood, you can no longer make certain decisions for them, but you can stay involved. One way is by establishing a legal guardianship, which sets up a caregiver to make decisions for an incapacitated adult. Another is through Social Security's representative payee program, which appoints a suitable person to manage payments on behalf of your child and is often a family member or close friend.
- 9. Continuing care as an adult** – Once your child turns 18, they may choose or qualify for different living arrangements, which could shift how they continue to receive services. For example, if your child receives therapy services at school, who will provide them once your child transitions out of school? Your child may be able to continue receiving services through a Medicaid waiver or private insurance.
- 10. Make a plan** – A life-care plan is a blueprint for providing the economic security and services that someone with special needs will require in order to live a fulfilling life as independently as possible. Essentially, it's a letter of intent containing medical, education, and personal details to guide caregivers when parents are no longer capable.

## ABLE Account Qualified Disability Expenses

- Education
- Employment training and support
- Food (as clarified by SSA)
- Housing
- Transportation
- Assistive technology and personal support services
- Health, prevention, and wellness
- Financial management and administrative services
- Expenses for ABLE account oversight and monitoring
- Legal fees
- Funeral and burial

Source: SSA.gov

**A financial professional or an attorney knowledgeable in government benefits can help you find the right financial plan for your family.**

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