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## **For a Family with Special Needs, Life Care Planning Takes a Traditional Financial Strategy to a Higher Level**

Having a Life Care Plan—a coordinated program of future care planning, financial and legal strategies—is especially vital when a member of the family has special needs. A Life Care Plan changes through time and is provided by a team that may include legal and tax advisors as well as insurance and investment professionals. Every family has unique circumstances. Once the individual or parents accept those circumstances, they realize they must begin planning now, not later.

### **Traditional life care plan**

Typically, a life care plan can be divided into three components that address the needs of an individual, couple, or family at various stages of life.

**Protection:** a broad foundation upon which the rest of the lifetime strategy is built, composed of such elements as:

- insurance,
- medical coverage,
- advance medical directives, such as a health care proxy,
- wills,
- powers of attorney,
- budget,
- emergency savings account,
- tax strategies,
- good credit history,
- team of advisors.

**Accumulation:** strategies to help start and grow savings for major lifetime needs, including:

- long term care,
- retirement,
- college education,

- home purchase,
- large purchases,
- trusts and other estate planning strategies.

**Preservation:** strategies to manage a lifetime of accumulated wealth, such as:

- managing the strategies you've put in place,
- determining how to pass wealth on to future generations,
- giving to charity, which can benefit you as well as others.

### **Special needs life care plan**

If your family includes a child or spouse with special needs, in addition to the traditional strategy you may need to consider the following:

**Planning for your child's lifetime support:** What goals do you want to reach? What long term needs or large expenses will you face? What adventures do you want to experience?

**Creating and updating a letter of intent:** Though not a legal document, this provides critical caregiving instructions to future guardians, trustees and advocates.

**Considering how being named as a beneficiary in wills or on insurance policies will affect eligibility for government benefits:** The government allows a limited amount of time to spend down the funds before benefits are cancelled. However, if they are, it can be difficult and time consuming to re-qualify. Communicate with friends and family to be sure an innocent mistake on their part doesn't affect your life care plan. Even something as simple as a grandparent buying savings bonds when a grandchild is born can be trouble.

**Establishing a special needs trust (SNT) if appropriate and naming a trustee to oversee it:** Gifts from family and friends, inheritances from wills and life insurance policies can be directed to the SNT.

**Considering a guardianship:** It may make sense to name a guardian for the person with special needs, perhaps before a minor becomes an adult (to preserve parental rights to access medical records and make decisions for a child who can't manage self care) or when a primary caregiver becomes incapacitated or dies.

**Creating transitional plans for numerous aspects of adult life:** An Individualized Education Program (IEP), if your child has one, must include a transitional plan, which helps with certain skills useful in adulthood. Because schools have tight budgets, you may have to push for this, perhaps with help from an advocate. Imagine and prepare for other transitions: working, using

public transportation, moving into a new residence, adjusting to diminishing health (or improved health due to medical advances or discoveries).

**Meeting residential needs for your child or spouse:** Residential needs can vary throughout life, especially as housing opportunities evolve. Facilities are becoming smaller, more flexible, and more person-centric. A good financial strategy helps you keep your options open.

**Maintaining eligibility for government benefits, or building sufficient wealth:** For some, government benefits are a necessary and vital part of a life care plan. Still, the goal is to accumulate enough money so government benefits aren't needed. Since we don't know what will happen with the economy or our ability to earn an income, it's important to be prepared, such as by establishing a special needs trust.

**Determining how your spouse or child will receive gifts, or how his or her own accumulated wealth will be distributed:** How will assets be used during their lifetime, especially during senior years, which may include increased medical or personal care expenses? What will be the legacy, including unused funds in a special needs trust?

#### **Overwhelmed? Start small.**

A Life Care Plan is fashioned over a lifetime, not all at once. Begin with a review of your financial picture. Build a foundation. Take small steps and build upon them. The ultimate goal? A plan that best meets the needs of the person with the disability—during your lifetime and beyond.

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*The Special Care Planner is a title used by MassMutual financial professionals who have received advanced training and information in estate and tax planning concepts, special needs trusts, government programs, and the emotional dynamics of working with people with disabilities and other special needs and their families. The certificate program was offered by The American College in Bryn Mawr, PA, exclusively for MassMutual financial professionals. Additionally, a designation of Chartered Special Needs Consultant (ChSNC), which evolved from the certificate program, is now offered through the American College for financial professionals. MassMutual financial professionals who have completed the certificate program, or received the ChSNC designation, can use the Special Care Planner title.*

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