

Understanding Supplemental & Special Needs Trusts

At **Rockland Trust Investment Group (IMG)**, we know how important it is to offer compassionate financial guidance to ensure your loved one is set up to live their best life. These irrevocable legal structures are designed to help manage assets for an individual with disabilities while maintaining eligibility for essential government programs such as Supplemental Security Income (SSI) and Medicaid.

WHAT TO KNOW

- **Purpose:** These trusts are intended to enhance quality of life—working alongside, not replacing, government benefits.
- **How Funds May Be Used:** Medical and dental care not covered by insurance, therapies and specialized equipment, education and caregiving support, recreation, enrichment, and travel opportunities.
- **Role of the Trustee:** A trustee manages the trust and makes distributions in the best interest of the beneficiary, helping preserve eligibility for benefits. Payments are often made directly to providers.

TYPES OF SPECIAL NEEDS TRUSTS

	First-Party (Self-Settled)	Third-Party
Source of Funds	Funded with the beneficiary's own assets (e.g., settlement, inheritance)	Funded by others, such as parents or family members
Age Requirement	Must be established before age 65	No age requirement
Medicaid Payback	Required to reimburse the state for certain care costs	Not required; remaining assets can pass to others

WHAT ARE ABLE ACCOUNTS

ABLE (Achieving a Better Life Experience) accounts are tax-advantaged savings tools for individuals with disabilities that allow funds to grow and be used tax-free for qualified disability expenses, including housing costs like rent.

INTEGRATING WITH ABLE ACCOUNTS

- **Eligibility:** the individual must have developed their disability before age 46 (as of 2026), and only one account is permitted per beneficiary.
- **Contribution Limits:** Annual contributions are generally limited to \$20,000, with potential for higher contributions by working beneficiaries. While ABLE accounts offer flexibility compared to special needs trusts, balances over \$100,000 may impact SSI eligibility.
- **Benefits:** They allow for more independent spending on qualified disability expenses, such as rent, which may not be permissible directly from a trust without affecting SSI eligibility.

PLANNING CONSIDERATIONS

- **Work with Experienced Professionals:** Collaborate with an attorney experienced in special needs planning to ensure the trust is structured appropriately.
- **Choose the Right Trustee:** Selecting a knowledgeable individual or corporate trustee can support thoughtful administration and ongoing benefit eligibility.
- **Stay Connected and Involved:** Building a network of healthcare providers, educators, and community organizations can provide valuable long-term support.

A THOUGHTFUL APPROACH

Planning for a loved one with special needs is deeply personal. With the right structure and guidance, a special needs trust can help provide financial security, flexibility, and peace of mind for the future.

For more information on Understanding Supplemental and Special Needs Trusts, please contact Scott Scales at Scott.Scales@RocklandTrust.com